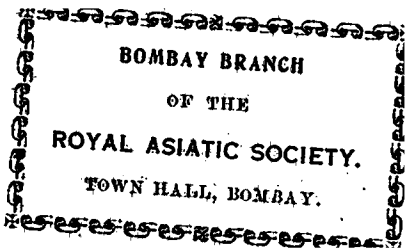
Budget of the Governor-General of India

1927-28 to 1931-32

(except 1929-30)



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India Office,
18*th July*, 1927.

A. HIRTZEL,
Under Secretary of State for India.

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GOVERNMENT OF INDIA.

FINANCE DEPARTMENT

BUDGET FOR 1927-28.

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PART I.

RAILWAY BUDGET

Speech of the Railway Member

introducing the

Railway Budget for 1927-28.

INTRODUCTORY.

I rise to present the Railway Budget for 1927-28 and I confess that I do so with a certain sense of embarrassment. For after having made one farewell speech on the Railway Budget, it is awkward to have to make another. I can only plead that my predicament is not one of my own seeking, and for that reason I feel that I can claim the sympathy of the House.

2. As usual, the Budget which I am presenting is not merely a departmental compilation. In preparing it we have had the assistance of the Standing Finance Committee for Railways; we were handicapped this year by the fact that the Standing Finance Committee for Railways naturally went out of existence when the last Assembly was dissolved, and that this House was not able to elect a new one until January 25th last. Thus, we were not able to spread the examination of the figures over a period of several weeks as was the case last year. But when the Committee was constituted, Mr. Parsons lost no time in placing the Budget before it, and I understand that at considerable sacrifice of personal convenience and by dint of much hard work, for which we owe them grateful thanks, the Committee was able to make a very thorough examination of the Budget. In the Budget papers which will shortly be circulated, Honourable Members will find some changes which I hope they will appreciate. In the first place, we have prepared the statement of railway revenue and expenditure in foolscap instead of octavo form. We have made this change because in the Budget debates of last year there was some complaint that the figures could not be studied without an undue strain on the eyes. Secondly, a feature of the Budget papers this year is the provision of maps and diagrams. We have appended to the explanatory memorandum a Railway map of India which will enable the Honourable Members to see at a glance what new lines we propose to construct, and what new lines we propose to survey. Then in the pink books will be found a sketch map of each Railway system showing exactly how we are developing and how we hope to develop the system. In addition, each book contains a diagram which gives full information as to the gauge of each extension, its length and cost and the progress we hope to make in each of the next 5 years. Our object of course is to enable Honourable Members readily to grasp what our programme is for the extension and development of the Indian Railway system and to see whether we have made provision for particular new lines in which they may be interested. I am also circulating with the budget papers a Memorandum explaining fully what we anticipate would be the effect on our railway finances of a reduction from 1*s*. 6*d*. to 1*s*. 4*d*. in the rupee ratio not only in the budget year but also by the time the full effect of the change would be felt.

As this Assembly is a new Assembly some Honourable Members may not be aware of the practice we have established in the last two years. It is the custom now for Honourable Members, when they give notice of motions for reductions, to add a few words to indicate the nature of the subject

they wish to bring up for discussion. This procedure is of great assistance to the House generally and to Government Members in particular, and I should be very grateful if it could be repeated this year.

3. Full explanations of the figures in the Budget are given in the Budget Memorandum, in the explanations attached to each of the Demands for Grants and in the pink books for individual railways. Following my usual custom, therefore, I propose to confine myself to a brief review of the more important figures, and to some account of the more important activities of the Railway Board and the Railway Administrations.

Financial Results of 1925-26.

4. I need not spend time over the actuals of 1925-26. It was a good year for Railways though not as good as 1924-25. In my Budget speech last year, I told the House that we expected to have a net surplus (that is, the gain from commercial lines *minus* the loss on strategic lines) of 877 lakhs, and that we expected that we should transfer 532 lakhs to General Revenues and 345 lakhs to Railway Reserves. Actually we did a little better than we anticipated. I will not go into the figures in detail, for they are given in the Administration Report for 1925-26. But in the result we transferred 549 lakhs to General Revenues and our Reserves benefited to the extent of 379 lakhs. The return on Budget lines in 1925-26 was 5·31 per cent., and if this figure is not quite so good as in the exceptionally prosperous year of 1924-25, when the return was as high as 5·85 per cent., it is better than any of the other post-war years and better than it was in 1913-14.

Revised Estimate for 1926-27.

5. I am sorry to say that I cannot give as favourable an account of the probable financial results of the current year. We budgetted on commercial lines for gross receipts amounting to 102·58 crores and gross expenditure, including interest charges, of 92·13 crores. That is, we counted on a gain from commercial lines of 10·45 crores, and deducting an anticipated loss on strategic lines of 174 lakhs, on a net surplus of Rs. 871 lakhs. On the basis of these figures, we expected not merely to be able to pay our net contribution of 601 lakhs to General Revenues but also to transfer 270 lakhs to our own Reserves. But we now know that our budget figures are not likely to be realised. We now estimate that our gross receipts will be 98·31 crores or 4¼ crores less than our budget estimate, and that our total charges will be 90·56 crores, or 157 lakhs less than our estimate and that the gain from commercial lines will be 775 lakhs instead of 10·45 crores. The loss on strategic lines is now put at 181 lakhs instead of 174 lakhs, and the final result is that we now expect a net surplus of 594 lakhs instead of 871 lakhs. The net contribution payable under the Convention to General Revenues is, as I have said, 601 lakhs. We expect, therefore, to have to draw on our Reserves to the extent of 7 lakhs to enable us to pay our dues to General Revenues. As Clause 4 of the Convention shows, that is the primary purpose for which these Reserves exist.

6. These figures are disappointing, but I confess that I take a philosophical view of them. It seems at first sight a serious matter that we should have to cut 4¼ crores off our budget estimate of gross receipts. but railway earnings depend so largely on factors outside railway, or rather I should say human control, that we can never be sure that our

budget estimates of gross receipts will not be falsified by the course of the season and the state of trade. And this is what has happened in the current year. Up to the end of July, in spite of reductions in passenger fares and coal freights, we were ahead of the earnings of last year. The monsoon seemed promising, and we had hopes of a really good year. The prospects took a turn for the worse, and now we expect our earnings from goods traffic to be worse than our estimate by 2½ crores and our earnings from passenger traffic to be worse by nearly 1½ crores. Two Railways, the Eastern Bengal and Assam Bengal Railways, have done better than we expected. The explanation is that they serve areas which have been favoured by an exceptionally abundant jute crop and a good tea crop. For the rest, the failure of gross earnings to come to our expectations is common to all Railways. As usual, we have suffered much from floods. They affected the Bengal-Nagpur Railway, the Great Indian Peninsula Railway and the Bombay, Baroda and Central India Railway, but they were particularly disastrous in Burma. The main line of the Burma Railways was so badly breached that communications could not be restored for several weeks with the result that earnings on this Railway are half a crore below our estimate. Again, the season proved unfavourable for the cotton crop. The final estimate for the year is nearly a million bales below last year's figure, and in addition the crop was abnormally late. Our earnings from raw cotton were less by 60 lakhs in the first 8 months of this year than in the corresponding period of last year. Cotton is now moving freely to Bombay, but the effect of the bad start is clearly seen in the figures of the two Bombay Railways, while the earnings of the North Western Railway have been similarly affected by a comparative failure of the crop in the Punjab. Between 1st September and the 29th January 1927, only 36,000 tons of cotton were exported from Karachi, compared with 61,000 tons last year. I have thought it worth while to take this one instance of cotton by way of illustration, but the drop in our gross earnings, especially in goods traffic reflects just the fact that trade has not been as good as we expected. Slackness of trade too has no doubt affected passenger earnings, but it is possible that we were a bit too optimistic in our estimate of the effect of the reductions of fares brought into force last year. We expected the immediate effect to be detrimental to our earnings, and for that reason pitched our estimate of gross receipts 2 crores lower than otherwise we would have done. But now we have to reduce our estimate by a further 137 lakhs. It is not that there has been no increase of passenger traffic, but it has fallen short of our estimate and in spite of the increase in traffic we expect to earn 57 lakhs less from passengers this year than we did in 1925-26. It is too early to assess the effect of the reductions we gave last year in long distance coal freights. Owing to the coal strike in England, the circumstances of the year have been quite abnormal in the matter of coal. At any rate, we have carried more coal, and I do not think that we have lost money by the reduction.

7. The drop in earnings is partially counterbalanced by considerable reductions in our working expenses. On commercial lines our revised estimate of working expenses is 1¾ crores below the budget estimate. Of this amount, nearly 1½ crores is in the cost of operation. Our coal bill in particular should be about ½ crore less than our estimate, partly of course because of the decrease in traffic and the lower cost at which we can now buy, but also as the result of vigorous measures taken by the Railway Board to secure great economy. The statistics given in Volume II of the Administration Report for 1925-26 show how consumption has

decreased relatively to the work done and bear testimony to the effectiveness of the measures taken by the Railway Board.

8. I have said that I take a philosophic view of the disparity between our revised and budget estimate. I go further. I think that the results of the current year illustrate the strength of the position Railways are now in. We have had a comparatively poor year marked by exceptional floods, partial crop failure amounting to scarcity in parts of the country and slackness of trade evidenced by the fact that up to the end of December last our total foreign trade was nearly 50 crores less than in 1925-26 and 60 crores less than in 1924-25. Nevertheless, we hope to earn this year a net return of 4·77 per cent. on the capital at charge enabling us to pay our interest charges and to pay all but 7 lakhs of our contribution to General Revenues. It has also to be remembered that the contribution payable this year is based on an exceptional prosperous year and amounts (leaving strategic railways out of account) to the big sum of 760 lakhs. In my view, having regard to the inevitable fluctuations in Railway receipts from one year to another, these results go far to justify the wisdom of the policy to which we are working.

Budget Estimate for 1927-28.

9. For the year 1927-28, we have adopted a more cautious estimate than last year. We are budgetting for gross receipts from commercial lines amounting to 100·40 crores and for a total expenditure of 91·47 crores. If our expectations are realised, the gain from commercial lines will amount to 8·93 crores and the net gain, after deducting the loss on strategic lines, will be 7·10 crores. Out of this sum, we shall have to pay 548 lakhs to General Revenues, that being the net contribution payable on the results of 1925-26, and we hope to strengthen our reserves by 162 lakhs.

10. I do not propose to comment on these estimates at length. The main feature of them is that we put our gross traffic receipts on commercial lines at 99·24 crores or 2 crores more than the revised estimate of the current year, and that we expect to earn these receipts at a working cost of only 8 lakhs or so in excess of the working expenses of this year.

On the whole I should describe these estimates as framed in a spirit of sober optimism,—in the hope that we shall on the whole be free from the misfortunes which have beset us this year, and that trade and traffic will pursue a more even course; and also in the hope that our continued efforts will result in further economies in our charges. For example, the House will notice that though we should ordinarily have to expect an increase of about 15 lakhs in the cost of administration on account of increments to salaries, we are actually budgetting for a reduction of 10 lakhs in the cost. This is because we hope that Agents will be able, by improvements in their administrative machinery, to cut down the existing scale of their expenditure by, perhaps, a quarter of a crore. We cannot of course be certain that we shall be able to get this reduction in full next year, part of which must be occupied in investigating the existing methods and procedure and seeing how they can be improved. But at least we shall do our best to do so. We have also been able

to place our contracts for coal at cheaper rates in the current year, and to this and further economies in consumption, look forward to a reduction of 38 lakhs in our coal bill.

Capital Expenditure.

11. The House will remember that the approved programme for capital expenditure in the current year authorised a total capital erpenditure of 34·58 crores. This was the estimate given by railway administrations of the amount which they hoped to spend during the current year on approved works. I explained last year our principles with regard to fixing the capital budget. We do not wish to restrict the execution of sanctioned works nor to hamper in any way the Agents' efforts to carry to completion such works as rapidly as possible, and we accordingly authorised them to spend up to the full amount they thought they could spend during the year. We knew, however, from past experience that their actual expenditure would be very much lower, and we asked the Assembly to provide a sum of only 22 crores in addition to the 4 crores required for the purchase of the Delhi-Umballa-Kalka Railway. The actual expenditure during the current year is now expected to be 27 crores, or a crore more than was provided for, and we shall place a supplementary demand before this House in due course for the additional funds required. In the last few years, as indeed the House has noted on more than one occasion in the Budget debates, there have been considerable lapses in the amounts provided for capital expenditure, and this is the first year in which actual expenditure is likely to approximate closely to our estimate. We must, I think, congratulate the Railway Board on the success of its efforts to attain greater accuracy in estimates and to expedite the execution of sanctioned works. One of the methods adopted deserves a passing mention, for it represents a new and important departure. We are now beginning to make use of private contractors for important railway works. A number of important railway bridges are now being built for us by firms of contractors, the latest example being the rebuilding of the bridge over the Nerbudda on the Great Indian Peninsula Railway—main line which was washed away last summer. Another important work which has been entrusted to contractors is the elimination of the Bhore Ghat Reversing station on the Great Indian Peninsula Railway, and we hope that we may shortly be able to devise a system which will allow us to hand over to contracting firms the entire construction of some new lines. Of the total expenditure of 27 crores, just over 4 crores represents the purchase price of the Delhi-Umballa-Kalka Railway. Twenty-one lakhs roughly is the expenditure incurred in taking up new issues of share capital of certain branch line companies in which Government are financially interested in order to replace loan capital by share capital. This method is directly remunerative to us in that it adds to our share of surplus profits or reduces our liability to pay rebates. As regards the balance, the expenditure on new lines is expected to be 6·47 crores, and on open lines 16·31 crores. The former figure represents a lapse of only 9 lakhs on the budget estimate. Progress on some projects has unfortunately been retarded by a variety of causes such as late receipt of imported material and unexpected delays in the acquisition of land, but on others it has been possible to accelerate the rate of expenditure. The principal sufferer has been the Raipur-Parvatipuram line where we now expect to spend less than a fifth of the 125 lakhs provided for the current year. On open lines, expenditure has proceeded at a more rapid pace than we expected when the Budget was framed and our latest anticipation

is that the budget estimate will be exceeded by a little over a crore. This however is partly counterbalanced by a reduction of 50 lakhs in our estimate of expenditure from the Depreciation Fund which is a counterpart of the programme of open line works.

12. For the year 1927-28 the total amount of funds asked for by railway administrations is 39·77 crores. As usual we propose to authorise them to spend up to the full amount they have included in their estimate, but we are asking the Assembly only to vote a sum of 25 crores as a whole, which we believe is at present about the limit of the administrations' capacity of spending. Of this total of 25 crores, we propose to distribute 7·62 crores to new lines (as against nearly 15 crores asked for by Agents) and to open line works the balance of 17·38 crores as against roughly 24¾ crores demanded.

13. The full details of open line works are, as usual, given in the budget memorandum and in the various pink books dealing with the estimates of new railways and I think it unnecessary for me at present to deal with any of the details of these estimates. I need only say that of the total amount of 24·77 crores, which it is proposed to distribute among Agents as desired by them, 19·41 crores are for improving open line facilities. Sums amounting roughly to 3 crores each are provided for improvement of track, for remodelling of station yards and for the electrification of lines and stations. The provision for doubling and quadrupling tracks, strengthening of bridges, workshops and stores and station buildings, and staff quarters amounts to about 6 crores. I would specially emphasise the large share that electrification of lines and stations has of the total expenditure. The total provision made is over 3½ crores. The Great Indian Peninsula Railway alone accounts for nearly 2 crores of this. The projects include the electrification of the main line from Bombay to Igatpuri and Poona (costing altogether 5½ crores) for which a crore is provided and the construction of the power house at Kalyan costing altogether 97½ lakhs, for which 40 lakhs is provided in 1927-28. In this connection, I think that it would interest the House if I give them certain figures which I have extracted from a recent report on the Harbour Branch Railway of the Great Indian Peninsula Railway system. The section between Victoria Terminus and Kurla, a distance of 9½ miles, was electrified with effect from 5th February 1925. By January 1927, I am informed the train miles on the section had increased by seven times and passenger traffic and earnings were 20 times as great as in the period prior to February 1925. On 3rd February 1926 the electrification of the Mahim Chord, an addition of 2½ miles, was completed and the whole of the Harbour Branch Railway was operated by electric service. A comparison between the statistics of January 1926 with those of October 1926 shows that the train miles have increased four times, that passenger traffic has doubled and that earnings have trebled. I may also call attention to the provision of about 2¼ crores made for amenities specially intended for lower class passengers as separate from such general improvements as remodelling and electrification of stations and yards and improved train services from which also they derive benefit in common with others. The special amenities include arrangements for water supply, the increased provision of waiting rooms and halls and refreshment rooms and the improvement of booking facilities and sanitary arrangements, but the main item on which expenditure is to be incurred is nearly 1¾ crores under additions and improvements to lower class carriages. Under additions, the programme for

1927-28 contemplates 636 coaching vehicles and 552 of these are lower class carriages.

New Construction.

14. One of the most interesting parts of the Railway Budget is of course the programme of new construction. Our programme for next year will involve a total expenditure of 14⅝ crores in the case of commercial lines, but we have thought it necessary to provide only 7·41 crores. The programme for both commercial and strategic lines is set out in full in the Budget memorandum. It includes 48 lines covering 1,813 miles which are already in progress and 51 new lines extending to 2,827 miles. Thus, our immediate programme covers 4,640 miles. Only 338 miles of new line will be opened in the current year, but next year I hope that we shall see a more substantial return on the money we have spent on new construction in the last two or three years. For we hope to open in 1927-28 nearly 900 miles of new line. And my successor is likely to be more fortunate than I have been in his record of mileage added to the Indian Railway system. I am confident that the House will welcome this development, and will agree that we should press on with the construction of new lines. This is our policy. Each Railway Administration is charged with the duty of exploring every avenue that affords scope for the construction of remunerative lines of a standard suitable to the traffic that may be expected and of keeping in close touch with Local Governments in this important matter. In order to afford every facility for the achievement of this object, we do not propose to adhere to one rigid standard of construction. Obviously a standard that is suitable for a main line carrying heavy traffic may be needlessly expensive for a feeder line serving a comparatively small agricultural tract, and the Railway Board have now laid down varying standards of construction in order that branch lines and extensions may be built to whatever standard seems most suitable to the area to be served.

Rates and Fares.

15. I am sorry that I am not in the happy position of announcing any further reduction of rates and fares, but after what I have said earlier in my speech the House cannot have any expectation of boons of this kind. But it must not be thought that we have made merely the reductions in passenger fares announced last year. On the contrary, at the beginning of the current year we expressly invited Agents carefully to review their passenger fares in the light of statistics and we told them that we should be prepared favourably to consider further reductions. As the result of this letter, the Agents of the East Indian, North Western and South Indian Railways felt justified in proposing these further reductions and they have already been brought into force in one case from 1st January last and in the other two cases from 1st February. The reductions on the two State-managed lines are substantial, and third class passenger fares for ordinary trains are now down to 2 pies per mile for distances over 300 miles. The House may think that we have been unduly bold in sanctioning these reductions in view of the fact that the reductions previously sanctioned have not yet given any material stimulus to traffic. But the recommendations of the Agents were based on their considered opinion that ultimately it would pay them to bring down fares to the level suggested and we decided to take the risk. I would here emphasise the fact that it is only the existence of our Railway Reserves that enables us to

make experiments of this kind. For we have to remember that every year we are adding a sum of upwards of twenty crores to our capital at charge. Every twenty crores added to our capital means that we ought to obtain an increase in our net earnings of about a crore and twenty lakhs. For not only have we to pay our interest charges but in addition we have to pay one per cent. to General Revenues on our capital at charge. On the other hand, much of our new money goes into works which take time to become remunerative, and there is also the fact that we must expect large variations from year to year in Railway earnings in accordance with harvest results and trade fluctuations. All these considerations point to the need for prudent management, for unceasing strivings after economy and efficiency, and for a wise policy of building up reserves. But provided that we keep these essentials in mind, I think that we can face the future with confidence and that we need not hesitate to make such well considered experiments in the reduction of rates and fares as on the advice of our Agents we have so far embarked upon. But I have no doubt that the House will agree that the effect of such experiments must closely be watched and that if after a fair trial extended over a reasonable period they are found merely to involve us in a loss of revenue without bringing any compensating advantage in the shape of increased traffic, the matter may require reconsideration. But I hope that there is no fear of this result, and that we shall not merely be able to carry on the reductions that have been made but also to try further experiments, particularly in the way of reducing freights.

16. I have just referred to the need for unceasing striving after efficiency and economy, and I have done so quite deliberately. For I think that I may claim that however far we may have fallen short of our ideal, that has been our policy during the last five years. Some Members of the House, I know, think that we are too rigid in our adherence to this policy and they regard it merely as a rather soulless bureaucratic trait. But, believe me, it is not that. After all the Government of India and the Railway Board are responsible for what is, I suppose, one of the biggest commercial undertakings in the world. It is a business with a capital of something like 600 crores—say 450 million sterling. If we run it successfully, we provide India with a cheap and efficient system of transport. If we fail, the railways become a burden on the general revenues of the country. In some respects I think that we can claim already to have made satisfactory progress. I do not wish to repeat what I said last year, but every one will agree I think that our financial arrangements are on a much sounder basis than ever before and that we have made some progress in carrying out the recommendations of the Acworth and Inchcape Committees. But the Indian Railway system is a vast organisation, and recently in almost every year some new branch of our work has been brought under expert examination and review. This year it has been the turn of the workshops, and we have just published the report of the Raven Committee. Some people, I am told, call it an indictment of the Railway Workshops. It may be so, I am not particular about the word. But the plain fact is that the Railway Board thought that State Railway workshops required overhauling in the light of the most modern workshop practice. We entrusted the task to two of the best experts we could find, and we have obtained from them what we wanted, namely, a frank outspoken report containing many valuable suggestions for improvement of our methods and our equipment. The publication of the report may expose us to criticism, but from our point of view the important

thing is that we now know the directions in which to work for economy and efficiency, and we propose to follow up the suggestions which have been made. Similarly, an enquiry is now going on into our methods of railway accounting and into our workshop accounts, and another enquiry has just been made into the medical and sanitary arrangements of one of our most important railways. I do not propose to enter into greater detail into the many other directions in which economies are being effected in the administration of our railway property as these are dealt with in Sir Clement Hindley's speech in presenting the Budget in the Council of State.

In other respects too, I think we are making advances. Last year we brought into effect the new recruitment schemes for the Indian Service of Railway Engineers and for the Transportation and Commercial Department, which were elaborated with the help of the Central Advisory Council. The first competitive examinations under these two schemes were held in November last by the Public Service Commission and as the result of those schemes 13 officers all of them Indians were appointed.

Whatever complaints this House may have against the Railway Board—and we shall hear more of this matter next week—no one can accuse them now of sitting at Simla and Delhi and being entirely immersed in office work. Every year now every headquarters of a Railway Administration is visited by a Member of the Railway Board, and I who see their tour notes regularly know how valuable these visits are. The local Advisory Councils too are doing excellent work. They vary, of course, some being better than others, but from the personal testimony of Agents themselves I am aware that they are most useful in bringing Railway Administrations into touch with public opinion.

17. And now, Sir, I propose to bring to an end this the last account I shall give of my stewardship of Indian Railways. I am conscious of its deficiencies, and there are many other things that I should like to say, but I am afraid of wearying the House. I am sorry that I end with a less prosperous year than some of its predecessors, but at any rate it is a much more satisfactory budget than the one I had to defend in this House 5 years ago. No one could have had more loyal and devoted assistance than I have had from Sir Clement Hindley, Mr. Sim, Mr. Parsons and from Railway Officers generally, and as for this House, Sir, though I have had much criticism, I like to think that it was kindly criticism and there is not one of us on these Government benches who does not realise the value of the close scrutiny to which our budgets are subjected by the Legislative Assembly. (Applause.)

BUDGET

OF THE

Railway Revenue and Expenditure of the Government of India,

February 1927

ACCOUNTS	1925-26
REVISED ESTIMATES	1926-27
BUDGET ESTIMATES	1927-28

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1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1925-26.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(*a*) Commercial lines—						
Gross receipts—						
Passenger traffic earnings :—						
Upper class . .	4,40,02,606	...	...	4,40,02,606	4,30,62,000	...
Lower class . .	31,58,95,000	...	...	31,58,95,000	31,11,87,000	...
Other coaching traffic earnings.	5,93,99,354	...	...	5,93,99,354	5,84,57,000	...
Goods traffic earnings .	60,75,19,122	...	...	60,75,19,122	60,14,45,000	...
Hire charges and other payments from Railways.	75,77,000	...	...	75,77,000	63,75,000	...
Sundry earnings . .	1,67,47,255	4,82,355	1,57,929	1,73,87,539	1,77,49,000	2,83,000
Total earnings .	1,05,11,40,337	4,82,355	1,57,929	1,05,17,80,621	1,03,82,75,000	2,83,000
Deduct—Earnings of worked lines.	*7,12,22,674*	...	...	*7,12,22,674*	*6,52,00,000*	...
Earnings of State Railways.	97,99,17,663	4,82,355	1,57,929	98,05,57,947	97,30,75,000	2,83,000
Suspense	35,413	...	...	35,413	...	...
Gross receipts of State Railways.	97,99,53,076	4,82,355	1,57,929	98,05,93,360	97,30,75,000	2,83,000
Deduct—Working expenses of State Railways.*	*62,47,48,455*	*10,78,991*	*3,55,014*	*62,61,82,460*	*62,98,57,000*	*36,65,000*
Surplus profits paid to Indian States and railway companies.	*1,77,41,943*	...	...	*1,77,41,943*	*1,61,30,000*	...
Net receipts . . .	33,74,62,678	—5,96,636	—1,97,085	33,66,68,957	32,70,88,000	—33,82,000
(*b*) Strategic lines—						
Gross receipts . .	1,64,06,980	...	...	1,64,06,980	1,49,25,000	...
Deduct—Working expenses	*1,80,13,976*	...	...	*1,80,13,976*	*1,96,50,000*	...
Net receipts . . .	—16,06,996	...	...	—16,06,996	—47,25,000	...
Total net receipts, Commercial and Strategic lines.	33,58,55,682	—5,96,636	—1,97,085	33,50,61,961	32,23,63,000	—33,82,000
XII.—Subsidized Companies: Government share of surplus profits.	4,75,038	22,74,384	7,57,696	35,07,118	5,68,000	18,94,000
XII-A. Miscellaneous Railway Receipts—						
Interest on Depreciation and Reserve Funds.	53,77,245	...	...	53,77,245	61,43,000	...
Dividend on investments in branch lines.	66,451	...	...	66,451	3,91,000	...
Total receipts .	34,17,74,416	16,77,748	5,60,611	34,40,12,775	32,94,65,000	—14,88,000
Deficit in Railway Revenue transferred from Reserve to meet in full the contribution to General Revenue .	...	...	...	...	7,06,000	...
Total .	34,17,74,416	16,77,748	5,60,611	34,40,12,775	33,01,71,000	—14,88,000

*For details see statement 1 (*a*).

J. M. HARTLEY,
Accountant General, Railways.

New Delhi,
Railway Department;
The 18th February 1927.

Government from railways in India and England.

1926-27.		Increase (+) Decrease (−) as compared with the Budget Estimate, 1926-27.	Budget Estimate, 1927-28.				Increase (+) Decrease (−) as compared with the Revised Estimate, 1926-27.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	4,30,62,000	−10,73,000	4,37,95,000	...	...	4,37,95,000	+7,33,000
...	31,11,87,000	−1,26,08,000	31,46,43,000	...	...	31,46,43,000	+34,56,000
...	5,84,57,000	−8,60,000	6,02,85,000	...	...	6,02,85,000	+18,28,000
...	60,14,45,000	−2,41,69,000	61,64,44,000	...	...	61,64,44,000	+1,49,99,000
...	63,75,000	−22,85,000	65,20,000	...	...	65,20,000	+1,45,000
96,000	1,51,28,000	+4,05,000	1,83,68,000	4,83,000	1,61,000	1,90,32,000	+9,04,000
96,000	1,03,86,54,000	−4,05,90,000	1,06,00,75,000	4,83,000	1,61,000	1,06,07,19,000	+2,20,65,000
...	*6,52,00,000*	*+4,71,000*	*6,77,00,000*	...	...	*6,77,00,000*	*+25,00,000*
96,000	97,34,54,000	−4,10,61,000	99,23,75,000	4,83,000	1,61,000	99,30,19,000	*+1,95,65,000*
...	...	+3,14,000	...	...	...	...	...
96,000	97,34,54,000	−4,07,47,000	99,23,75,000	4,83,000	1,61,000	99,30,19,000	+1,95,65,000
12,39,000	*63,47,61,000*	*−1,71,33,000*	*63,09,03,000*	*34,85,000*	*11,62,000*	*63,55,50,000*	*+7,89,000*
...	*1,61,30,000*	*+10,30,000*	*1,41,25,000*	...	...	*1,41,25,000*	*−20,05,000*
−11,43,000	32,25,63,000	−2,43,44,000	34,73,47,000	−30,02,000	−10,01,000	34,33,44,000	+2,07,81,000
...	1,49,25,000	−18,18,000	1,51,25,000	...	...	1,51,25,000	+2,00,000
...	*1,96,50,000*	*−14,65,000*	*1,97,50,000*	...	...	*1,97,50,000*	*+1,00,000*
...	−47,25,000	−3,63,000	−46,25,000	...	...	−46,25,000	+1,00,000
−11,43,000	31,78,38,000	−2,50,07,000	34,27,22,000	−30,02,000	−10,01,000	33,87,19,000	+2,08,81,000
6,40,000	31,02,000	−3,32,000	7,33,000	17,40,000	5,80,000	30,53,000	−49,000
...	61,43,000	−20,11,000	74,66,000	...	...	74,66,000	+13,23,000
...	3,91,000	+3,91,000	4,75,000	...	...	4,75,000	+84,000
−5,03,000	32,74,74,000	−2,69,59,000	35,13,96,000	−12,62,000	−4,21,000	34,97,13,000	+2,22,39,000
...	7,06,000	+7,06,000	...	...	...	...	−7,06,000
−5,03,000	32,81,80,000	−2,62,53,000	35,15,96,000	−12,62,000	−4,21,000	34,97,13,000	+2,15,33,000

A. A. L. PARSONS,
Financial Commissioner.

1(*a*).—Statement of Working Expenses of State

	Accounts, 1925-26.				Revised Estimate	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration . . .	12,62,74,525	10,78,991	3,55,014	12,77,08,530	12,40,96,000	36,65,000
Repairs and maintenance .	16,78,58,883	...	...	16,78,58,883	18,06,00,000	...
Operation	26,72,96,279	...	...	26,72,96,279	25,20,00,000	...
Refunds of Revenue . .	...	...	...	...	32,00,000	...
Depreciation	10,31,69,999	...	...	10,31,69,999	10,64,61,000	...
Suspense	—9,73,472	...	...	—9,73,472	...	...
Total .	66,36,26,214	10,78,991	3,55,014	66,50,60,219	66,63,57,000	36,65,000
Deduct—Share of Worked Lines.	*3,88,77,759*	...	...	*3,88,77,759*	*3,65,00,000*	...
Working Expenses .	62,47,48,455	10,78,991	3,55,014	62,61,82,460	62,98,57,000	36,65,000

J. M. HARTLEY,
Accountant General, Railways.

New Delhi,
Railway Department;
The 18th February 1927.

Railways—Commercial Lines.

1926-27.		Increase (+) Decrease (—) as compared with Budget, 1926-27.	Budget Estimate, 1927-28.				Increase (+) Decrease (—) as compared with Revised, 1926-27.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
12,39,000	12,90,00,000	—19,99,000	12,33,53,000	34,85,000	11,62,000	12,80,00,000	—10,00,000
...	18,06,00,000	—18,50,000	18,16,00,000	...	...	18,16,00,000	+10,00,000
...	25,20,00,000	—1,44,51,000	24,99,00,000	...	...	24,99,00,000	—21,00,000
...	32,00,000	+2,00,000	32,00,000	...	...	32,00,000	...
...	10,64,61,000	+47,000	11,07,50,000	...	...	11,07,50,000	+42,89,000
...	...	+16,70,000	...	...	...	...	...
12,39,000	67,12,61,000	—1,63,83,000	66,88,03,000	34,85,000	11,62,000	67,34,50,000	+21,89,000
...	3,65,00,000	+7,50,000	3,79,00,000	...	...	3,79,00,000	+14,00,000
12,39,000	63,47,61,000	—1,71,33,000	63,09,03,000	34,85,000	11,62,000	63,55,50,000	+7,89,000

A. A. L. PARSONS,

Financial Commissioner.

2.—Statement of the expenditure on railways charged to

Heads of Expenditure.	Accounts, 1925-26.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
Interest: commercial lines:—						
on Government capital at charge	12,17,08,771	7,27,10,080	2,38,99,465	21,83,18,316	13,20,57,000	7,42,11,000
on capital contributed by Indian States and Companies.	2,83,820	1,23,75,710	40,39,480	1,66,99,010	2,97,000	1,14,91,000
Total interest, commercial lines	12,19,92,591	8,50,85,790	2,79,38,945	23,50,17,326	13,23,54,000	8,57,02,000
Interest, strategic lines	1,30,94,196	...	...	1,30,94,196	1,33,32,000	...
Total interest	13,50,86,787	8,50,85,790	2,79,38,945	24,81,11,522	14,56,86,000	8,57,02,000
11. Subsidized Companies: Land and subsidy.	4,38,351	...	...	4,38,351	8,68,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	[illegible]437	21,90,059	7,19,077	25,94,699	60,68,000	5,41,000
Strategic lines	33,661	...	...	33,661	75,000	...
Payments to general revenues—						
Contribution*	5,09,36,083	...	...	5,09,36,083	6,00,87,000	...
One-third of the excess of railway surplus over three crores.	39,65,486	...	...	39,65,486	...	...
Total payment to general revenues	5,49,03,569	...	...	5,49,03,569	6,00,87,000	...
13A—Surplus Railway Revenue transferred to Reserve	3,79,30,973	...	...	3,79,30,973	...	...
Total	22,80,78,904	8,72,75,849	2,86,58,022	34,40,12,775	21,27,89,000	8,62,43,000

* For details see Statement 2 (a).

J. M. HARTLEY,
Accountant General, Railways.

New Delhi,
Railway Department;
The 18th February 1927.

the revenue of the Central Government in India and in England.

1926-27.		Increase (+) Decrease (—) as compared with Budget, 1926-27.	Budget Estimate, 1927-28.				Increase (+ Decrease (— as compared with Revised, 1926-27.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,50,81,000	23,13,49,000	+5,12,000	14,25,08,000	7,65,42,000	2,55,14,000	24,45,64,000	+1,32,15,000
38,84,000	1,56,72,000	—2,55,000	3,00,000	1,09,74,000	36,58,000	1,49,32,000	—7,40,000
2,89,65,000	24,70,21,000	+2,57,000	14,28,08,000	8,75,16,000	2,91,72,000	25,94,96,000	+1,24,75,000
...	1,33,32,000	+3,48,000	1,37,00,000	...	...	1,37,00,000	+3,68,000
2,89,65,000	26,03,53,000	+6,05,000	15,65,08,000	8,75,16,000	2,91,72,000	27,31,96,000	+1,28,43,000
...	8,53,000	+13,000	12,76,000	...	...	12,76,000	+4,23 000
1,83,000	68,12,000	+53,000	35,92,000	4,95,000	1,65,000	42,52,000	—25,60,000
...	75,000	+53,000	23,000	...	...	23,000	—52,000
...	6,00,87,000	...	5,48,08,000	...	...	5,48,08,000	—52,79,000
...	...	...	...	...	...	...	...
...	6,00,87,000	...	5,48,08,000	...	...	5,48,08,000	—52,79,000
...	...	—2,70,07,000	1,61,58,000	...	...	1,61,58,000	+1,61,58,000
2,91,48,000	32,81,80,000	—2,62,53,000	23,23,65,000	8,80,11,000	2,93,37,000	34,97,13,000	+2,15,33,000

A. A. L. PARSONS,
Financial Commissioner.

2 (*a*).—Contribution from Railway to general revenues, 1926-27.

(Based on actuals, 1924-25.)

	Rs.	Rs.
1. 1 per cent. on capital of 5,80,75,63,148 at charge, commercial lines	...	5,80,75,631
2. (i) Receipts—		
Gross traffic receipts, commercial lines	99,44,69,321	
Interest on Depreciation and Reserve Fund balances	21,26,998	
Subsidised Companies, share of surplus profits	30,15,987	
		99,96,14,306
(ii) Charges—		
Working expenses, commercial lines	60,95,02,236	
Indian States and Railway Companies' share of surplus profits	1,42,27,560	
Interest—		
On capital at charge, commercial lines	20,60,21,491	
On capital contributed by Indian States and Companies	2,67,15,617	
Land and subsidy	3,09,295	
Miscellaneous Railway expenditure	13,09,997	
Contribution at 1 per cent. on capital at charge, commercial lines	5,80,75,631	
		91,01,61,817
(iii) Surplus	...	8,94,52,489
(iv) Contribution of one-fifth of surplus	...	1,78,90,498
3. (i) Total contribution from railway revenues [1 *plus* 2 (iv)]	..	7,59,66,129
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital of 26,86,77,078	1,22,77,085	
(ii) Loss in working	36,02,156	
		1,58,79,241
(ii) Net payment due from railway to general revenues in 1926-27	...	6,00,86,888

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner.

NEW DELHI,
RAILWAY DEPARTMENT;
The 18th February 1927.

2 (*a*).—Contribution from Railway to General Revenues, 1927-28.

(Based on actuals, 1925.-26.)

	Rs.	Rs.
1. 1 per cent. on capital of 6,00,36,79,855 at charge, commercial lines	...	6,00,36,799
2. (i) Receipts—		
Gross traffic receipts, commercial lines	98,05,93,360	
Interest on Depreciation and Reserve Fund balances	53,77,245	
Dividend on investiments in branch lines	66,451	
Subsidised Companies' share of surplus profits	35,07,118	
(ii) Charges—		98,95,44,174
Working expenses, commercial lines	62,61,82,460	
Indian States and Railway Companies' share of surplus profits	1,77,41,943	
Interest—		
On capital at charge, commercial lines	21,83,18,316	
On capital contributed by Indian States and Companies	1,66,99,010	
Land and subsidy	4,38,351	
Miscellaneous railway expenditure	25,94,699	
Contribution at 1 per cent. on capital at charge, commercial lines	6,00,36,799	
		94,20,11,578
(iii) Surplus	...	4,75,32,596
(iv) Contribution of one-fifth of surplus	...	95,06,519
3. (i) Total contribution from railway revenues [1 *plus* 2 (iv)]	...	6,95,43,318
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital of 30,94,88,993	1,30,94,196	
(ii) Loss in working	16,40,657	
		1,47,34,853
(iii) Net payment due from railway to general revenues in 1927-28	...	5,48,08,465

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner.

NEW DELHI,
RAILWAY DEPARTMENT;
The 18th February 1927.

3.—Statement of receipts of the Central Government in India and England for State

Heads of Account.	Accounts, 1925-26.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XLI.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways . . .	...	55,65,000	21,50,537	77,15,537	...	...

New Delhi,
Railway Department;
The 18th February 1927.

J. M. HARTLEY,
Accountant General, Railways.

Capital contributed by Railway Companies and Indian States towards outlay on Railways.

1926-27.			Budget Estimate, 1927-28.				
Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1926-27.	India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1926-27.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	...	—2,95,19,000	...	1,94,19,000	64,73,000	2,58,92,000	+2,58,92,000.

A. A. L. PARSONS,
Financial Commissioner.

4.—Statement of the Capital Expenditure of the

Heads of Expenditure.	Accounts, 1925-26.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue :—						
53.—Construction of State Railways :—						
(*a*) Commercial Lines						
Open Line Works—						
Rolling Stock	...	...	...	6,80,47,000	...	...
Other Works	...	...	...	11,49,68,325	...	...
New Lines	...	...	...	3,63,14,000	...	...
Suspense	...	...	...	—2,84,92,000	...	...
(*b*) Strategic Lines	...	...	...	36,12,605	...	...
Total	9,33,21,841	7,47,52,461	2,43,75,628	19,24,49,930	14,62.37,000	9,25,00,000
Deduct—Probable Savings	...	...	...	...	...	...
Net	9,33,21,841	7,47,52,461	2,43,75,628	19,24.49,930	14,62.37.000	9,25,00.000
53-A.—Discharge of Debentures	...	62,50,000	20.11,618	82,61,618	...	1,96,89,000
54.—Redemption of liabilities involved in purchase of Railways	...	2,57,50,000	85.23,830	3,42,73,830	...	...

New Delhi,
Railway Department ;
The 18th February 1927.

J. M. HARTLEY,
Accountant General, Railways.

Central Government in India and England on Railways.

1926-27.			Budget Estimate, 1927-28.				
Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1926-27.	India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1926-27.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	5,11,18,000	—2,78,91,000	...	...	...	5,77,46,000	+68,28,000
...	16,65,23,000	—4,89,62,000	...	...	...	18,94,10,000	+2,28,87,000
...	6,25,00,000	—3,50,94,000	...	...	...	14,70,04,000	+8,45,04,000
...	—1,75,41,000	—54,76,000	...	...	...	—61,08,000	+1,14,33,000
...	74,00,000	+16,00,000	...	...	...	96,29,000	+22,29,000
3,12,63,000	27,00,00,000	—11,58,23,000	23,76,72,000	12,00,07,000	4,00,02,000	39,76,81,000	+12,76,81,000
...	....	—12,58,23,000	10,10,05,000	3,50,07,000	1,16,69,000	14,76,81,000	+14,76,81,000
3,12,63,000	27,00,00,000	+1,00,00,000	13,66,67,000	8,50,00,000	2,83,33,000	25,00,00,000	—2,00,00,000
60,54,000	2,63,43,000	—98,42,000	...	2,48,89,000	82,97,000	3,31,86,000	+68,43,000
...	...	...	...	...	...	...	...

A. A. L. PARSONS,
Financial Commissioner.

A.—Railway Depreciation Fund.

	Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.		Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance	3,05,98,501	6,70,98,501	5,74,46,866	8,78,57,866	Appropriation from Depreciation Fund.	7,98,39,634	8,50,00,000	8,00,00,000	9,00,00,000
Appropriation to Depreciation Fund.	10,66,87,999	11,05,00,000	11,04,11,000	11,50,00,000	Closing balance.	5,74,46,866	9,25,98,501	8,78,57,866	11,28,57,866
	13,72,86,500	17,75,98,501	16,78,57,866	20,28,57,866	TOTAL	13,72,86,500	17,75,98,501	16,78,57,866	20,28,57,866

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner.

NEW DELHI,
RAILWAY DEPARTMENT;
The 18th February 1927.

B.—Railway Reserve Fund.

	Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.		Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	6,99,78,400	9,44,99,400	9,79,09,373	9,72,03,373	Appropriation from Reserve Fund to meet in full the contribution to General Revenues.	...	...	7,06,000	....
Appropriation to Reserve Fund.	2,79,30,973	2,70,07,000	...	1,61,58,000	Closing Balance.	9,79,09,373	12,15,06,400	9,72,03,373	11,33,61,373
TOTAL .	9,79,09,373	12,15,06,400	9,79,09,373	11,33,61,373	TOTAL .	9,79,09,373	12,15,06,400	9,79,09,373	11,33,61,373

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner.

NEW DELHI,
RAILWAY DEPARTMENT;
The 18th February 1927.

Speech by the Hon'ble Sir Clement Hindley, Chief Commissioner for Railways, in presenting the Railway Budget for 1927-28 in the Council of State.

INTRODUCTORY.

I have the honour to present to the Council a statement on the estimated expenditure and revenue of the Governor General in Council for the year 1927-28 in respect of railways.

Before giving the Council an outline of the principal figures of the budget I think it may be advisable, in order to present the picture clearly, to describe shortly the railway property to which the figures relate.

2. At the end of March, 1926, we had altogether 38,579 miles of railway in India. Of this total the State owns 27,430, Companies and District Boards own 6,187 miles and Indian States 4,962 miles. The capital at charge of the State-owned railways on the same date was 652 crores out of a total capital at charge of 753 crores. As regards management, the four large State-managed railway administrations, namely, the North-Western Ry., East Indian Ry., Great Indian Peninsula Ry., and Eastern Bengal Ry., make up 15,543 miles, while 8 other large administrations owned mainly by the State but managed by Companies under contract with the Secretary of State account for 17,295 miles.

3. The Budget figures relate to the receipts and expenditure of the Governor General in Council, arising out of ownership, working and other contractual relations in connection with these railways, and while the size of the figures is in itself some criterion of the burden of financial control involved, it has to be remembered that the Railways Act also imposes on Government wide responsibilities of a technical nature in regard to safety and efficiency which extend beyond the field to which the financial figures relate.

4. The Railway Board, as the Department of Government entrusted with the subject of Railways, consequently bears a very heavy responsibility and the extent of that responsibility may be summed up briefly by saying that it directly administers 4 large railways aggregating 15,500 miles, while it exercises very wide powers of financial and technical control over nearly the whole of the remaining mileage excluding such railways as are entirely the concern of Indian States.

5. I am induced to make these preliminary remarks because it sometimes seems to be thought that the budget merely represents a skilful compilation of the figures relating to a number of different railway administrations with more or less independent managements, and that the Railway Board is a body which mainly concerns itself with collecting statistics and watching financial and technical results.

I am aware that the opposite view sometimes holds the field, namely, that the Railway Board directly manages all railways and should be cognisant of, and responsible for, all details of the work—even the affairs of every little outlying station throughout India. Both views, however, are equally fallacious, for while the Budget represents the State's financial operations

as principal owner and Manager, and is, therefore, a measure of the responsibility of the Railway Board, it stands to reason that an immense organisation or series of organisations such as is represented by Indian railways can only be controlled by successive delegations of power and responsibility, such as must necessarily exclude from the central organisation the detailed knowledge of many things which affect the service which railways render to the public and go to influence the character of public criticism.

6. But wide as their responsibilities are, and complex as the details of railway business must be, in a country as large as India, the Railway Board can claim to have used their powers and responsibilities so far as has been practically possible in directing the work of the railway administrations towards better and more efficient service in every direction, and in thus using available financial resources in the best interests of both the owners and users of the railways.

7. The papers which will shortly be placed in the hands of Members of this Council contain very complete information regarding the Budget and the financial position of the railways, and in particular I would draw attention to the Budget Memorandum to which we have this year attached a map of the railways to illustrate the construction programme. I may add in passing that the actual statement of the revenue of the Central Government from railways and the expenditure charged to that revenue has been printed in foolscap size in response to a suggestion made in this Council last year. With these papers and the recently issued Report by the Railway Board on the Railways of India for 1925-26 any one with sufficient leisure can make himself fully informed of the affairs of Indian Railways during last year, the present year and the coming year. But I can perhaps assist by mentioning the outstanding figures in the estimates.

Accounts, 1925-26.

8. The year 1925-26 did not come up to its predecessor, which was one of exceptional prosperity for Railways. Our net gain from commercial lines was only 10¾ crores, 4 crores less than in 1924-25. But even so we contributed nearly 5½ crores to general revenues and placed 3¾ crores to our Railway Reserves. These figures are a slight improvement on the estimates at this time last year, the contribution being 17 lakhs more and the reserve fund 34 lakhs more.

Revised Estimates, 1926-27.

9. While the year 1925-26 showed a falling off from the exceptional prosperity of 1924-25, the present year has unfortunately shown signs in recent months of a further contraction of earnings. The budget estimate of gross receipts for commercial lines was 102·58 and the estimate of total expenditure 92·13 crores, yielding a net gain of 10·45 crores. So far as we can foresee we shall fail to reach our budgetted figure of earnings by some 4¼ crores, although we hope to counter this fall in earnings by effecting a saving of 1¾ crores in working expenses as compared with our budget estimate. Our total net gain is likely to be therefore 2¾ crores less than we budgetted for or 7·75 crores. Deducting the loss on strategic railways we have now to look forward to a net gain of 5·94 crores, compared with 8·71 budgetted for, and instead of being able to add 2·70 crores

to our reserves we shall have to withdraw 7 lakhs from those reserves for the purpose of paying the fixed contribution to general revenues.

10. In this connection may I remind the Council of what I said last year as to the need for building up and maintaining adequate reserves. I pointed out that we have to learn by experience what amount should ultimately be required in our reserves having regard to the obligations of the Separation Convention and the unknown obligations of the future. I added " In a year for instance in which bad monsoon conditions might bring with it a heavy set back in earnings without an opportunity of bringing down working expenses to a corresponding degree it is conceivable that the payment of the contribution might make a very heavy call indeed on our reserves ". We cannot say that we are having to make a heavy inroad into our reserves, but we have had experience of the combination of a set back in earnings coinciding with the incidence of a contribution based on the results of an exceptionally prosperous year, for the Council will remember that the contribution each year is based on the results of the penultimate year, in this case the bumper year 1924-25. And there is indeed a very slender margin on which to rely for making the necessary amount of net revenue. Our weekly figures of earnings vary from 226 lakhs at the peak period when we are carrying the main crops to 150 lakhs during the monsoon when there is little business. A late crop, a failure to market or the absence of rain at a critical period may easily affect the earnings of a week by a good many lakhs, while a cumulative loss of a few lakhs a week very soon mounts up to a heavy loss in the aggregate. Remembering that this is largely the result of carrying goods and passengers in small quantities and over short distances throughout the country, it will be realised that trifling local losses may become serious in the aggregate.

11. The falling off of about 4 per cent. in our gross earnings to which I have referred extends into almost every sub-division of our receipts. Passenger traffic is expected to bring in 137 lakhs less, of which 126 lakhs are due to lower class passengers. It is true that we had already forecasted and allowed for some decline owing to the reductions in fares which were made, but we have to admit that we under-estimated this decline, and that so far the stimulus applied by the reduction in fares has not counterbalanced the loss to the extent we expected.

12. Goods traffic is likely to bring in 2½ crores less than we estimated. Amongst the main reasons which may be assigned for this I may mention the heavy floods in Burma which dislocated traffic for a long period and caused a loss of some 30 lakhs in earnings, while floods in the Central Provinces and other parts of India also adversely affected traffic. Then we have had an unsatisfactory cotton crop, particularly in the Punjab and a late movement of cotton elsewhere. These causes are reflected in the earnings of the Great Indian Peninsula Railway, Bombay, Baroda and Central India Railway, and North-Western Railway. The groundnut crop has been severely damaged in some parts of South India owing to the failure of rain, and there are other crops in different parts of the country which have been adversely affected by unusual climatic conditions. The almost universal incidence of the decline in earnings has in fact given a somewhat depressing aspect to the latter part of what promised at one time to be a normal if not a good year.

13. We have, I am glad to say, been able to secure considerable reductions in expenditure as an off-set to the drop in our receipts. On commercial lines working expenses are 1¾ crores lower than the budget estimate, of which nearly 1½ crores is in the cost of operation. Out of this, 64 lakhs represents a saving in the fuel bill partly as the result of cheaper prices and partly due to decrease in consumption. And in this connection I wish to claim some credit for the Railway Board for the efforts made to economise the use of fuel and get better use out of the fuel actually burned. Then we have a saving of about 20 lakhs in administration as compared with our estimates and a similar saving in repairs and maintenance. On the other hand, there is a slight increase in the surplus profits paid to the railway companies under their contracts and which depend upon the results of working of a previous year

14. The point which I wish to emphasise in connection with this failure to reach our estimates is that there is no change in the amount received by General Revenue. Last year in presenting the Budget I referred to certain definite benefits that had resulted from the separation of Railway Finances, one of the outstanding measures of reform associated with the present railway policy of Government. Those were perhaps indirect benefits, but this year we have a clear illustration of the value of the main benefit for which separation was primarily designed. In a year where we have a severe contraction of earnings amounting to nearly 4 crores we are enabled to pay without any variation the exact contribution promised to Central Revenues under the Separation Convention, we have had to apply no retardation to the normal expenditure on renewals, replacements and improvements, and we have not had to take any special or emergent measures to reduce expenditure or to interfere with our settled programme of works.

15. As compared with former practice this represents a very material advantage, for in the past there are many instances of a falling off in railway earnings in the latter months of the year being followed by a sudden restriction of expenditure in the interests of general revenues. Such a restriction could generally only be put into practice by slowing down renewals, such as relaying or rebuilding of rolling-stock, or stopping improvement works, such as the remodelling of marshalling yards or strengthening of bridges. In such cases not only did the railways lose the benefit of such expenditure as had been planned, but there were secondary results in the inflation of stores balances and other temporary additions to unproductive capital. The cumulative effects of such interference with programmes of work were one of the causes of the former unsatisfactory conditions on railways and the public, the Railway Administrations and the general tax-payers have reason to be thankful for the deliverance from these conditions.

16. In a nutshell this is then our position this year. We expect to obtain a net gain of 594 lakhs, and, as this is not sufficient to meet the payment of 601 lakhs that we are to make to general revenues, we have to withdraw about 7 lakhs from our reserves. We should have been glad to have done better, but we have not had as good a year as we hoped, and no one likes to trench on his reserves. But I do not want the Council to think that I see any reason for despondency What are the exact facts? In 1924-25, the year on whose working we are now paying the contribution of 601 lakhs, we were able to place over 658 lakhs to our reserve; in effect we are merely withdrawing a small sum

of about 7 lakhs from the amount then put in in order to meet a liability which we then incurred. But though fortune has not been too kind to us this year, we have not done by any means too badly. We have earned a profit of 594 lakhs, which is over a crore more than we shall have to pay to general revenues a couple of years hence on the results of the current year's working. I suggest to the House that is not an unsatisfactory result for a year which has not been too favourable.

BUDGET ESTIMATE, 1927-28.

17. For next year 1927-28, we estimate gross receipts on commercial lines at 100·40 crores and total expenditure at 91·47 crores. If these estimates prove correct, we shall have a gain from commercial lines of 8·93 crores, and after deducting the loss on strategic lines 7·10 crores. The contribution to general revenues based on the results of 1925-26 is 5·48 crores, and we therefore have the prospect of transferring 1·62 crores to railway reserves.

The traffic earnings for commercial lines have been estimated at about 2 crores more than in the current year, while we are budgetting for an increase in working expenses of only about 8 lakhs more. On the other hand, interest charges grow year by year and must be estimated at 1¼ crores more next year than this

In the estimate for gross earnings allowance has been made for the further reduced fares recently announced as well as their probable effect in stimulating traffic, the additional mileage opened in the current year and to be opened next year, and, lastly, the expectation of a fair average year for goods traffic. Obviously such abnormal occurrences as the floods in Burma cannot be provided for in estimates, but such information as is available at present as to the probability of production does not lead to the view that there should be any serious falling off in traffic, and we are perhaps justified in assuming that the re-establishment of normal trade conditions in Great Britain will react favourably on business generally in India.

18. On the side of expenditure we are budgetting for a reduction of 10 lakhs in administration as compared with the current year's estimate. Although we have to meet increased charges due to the operation of time scales of pay and other normal increases and have to face certain additional expenditure in the reorganisation of the Stores and Medical Departments, we expect to be able to reduce expenditure appreciably by more economical methods of handling administrative subjects. The cost of operation, in spite of the increased mileage, is estimated at about a quarter of a crore less than in the current year, mainly because we have fortunately been able to place our contracts for coal at more favourable rates than last year. Maintenance charges will be more by 10 lakhs owing mainly to increased mileage, and depreciation has a normal increase due to the addition to capital assets in respect to which the fund is established.

Capital Expenditure, 1926-27.

19. We estimated our capital expenditure during the current year at 26 crores, and our latest advices indicate that we shall in all probability have to meet an additional crore on this account. This is the first time for a good many years that we have been able to make as rapid progress on approved schemes as we estimated and indicates both that

our methods of estimating have improved and that the organisation for carrying out these schemes has been brought into a more satisfactory condition. As I explained last year we did not propose to restrict expenditure on sanctioned works, and we accordingly authorised the Agents to spend as much on approved capital works as was economically possible during the year. This meant authorising a total capital expenditure of 34·58 crores during the year, while our estimate based on past experience of the vicissitudes and delays which accompany this work was placed at 26 crores only. Of the sum of 27 crores which we now expect to spend, just over 4 crores represents the purchase price of the Delhi Umballa Kalka Railway, 21 lakhs has been incurred in taking up new issues of share capital of certain branch line companies in which Government is financially interested in order to replace loans by share capital to our financial advantage. And of the balance 6·47 crores is the expected expenditure on new lines and 16·31 crores on open line works. The former is less by 9 lakhs than our estimate; the progress on some lines has been retarded due to certain unavoidable causes, such as the late supply of materials, delays in land acquisition, and in one case to the unhealthy conditions under which construction work had to be carried on. But we have been able to speed up the rate of construction on others. The progress on open line works has been somewhat more rapid than we expected, a fact which, in view of the earlier benefits to be derived from the works of improvement contained in the programme, is a matter for satisfaction.

Capital Expenditure, 1927-28.

20. The total expenditure included in the approved programme for next year is 39·77 crores. This amount as in previous years we propose to authorise in order that no avoidable delay may take place in any of the individual works which are considered necessary. But we have to consider the spending capacity of our organisation, and we do not, therefore, feel justified in asking for a larger actual grant than 25 crores which, disregarding the purchase price of the Delhi Umballa Kalka Railway, is an advance of 2 crores on our expected expenditure of this year. Of this amount, 7·62 crores is to be allotted to new lines and 17·38 crores for open line works.

The Budget Memorandum and the separate pink books for each railway administration give full details of the open line programme working up to 24·77 crores, against which we anticipate expenditure of 17·38 crores. Of this amount, 19·41 crores is for improvements of open line facilities. The larger items comprised in this sum are 3 crores for improvement of rails and sleepers, 2·87 for remodelling of station yards and marshalling yards and 3·58 crores for electrification. In addition to the more general improvement works having as their object the more expeditious and economical working of traffic I may add that no less than 2¼ crores are allotted for the improvement of the standard of comfort for lower class passengers, such as water supply, waiting-rooms and halls, refreshment rooms, booking arrangements and sanitary arrangements, and improvements to coaching stock.

The expenditure to be authorised on rolling-stock amounts to 8⅓ crores, of which about 2⅝ crores will come from the depreciation fund. Of the capital portion about 2¾ crores is for additional rolling-stock. The programme provides for the construction of 636 coaching vehicles, of which

552 are lower classes carriages and a small provision of 796 metre gauge wagons. For reasons which I will explain later we are making no provision for the purchase of new broad gauge general service wagons either as additions or on renewal account.

New Lines.

21. For new lines we are providing 7·62 crores although the amounts included in their programme by the Agents add up to nearly twice this figure. Last year I explained the measures we were taking in order to speed up the programme of new construction, and I gave an account of the construction work in progress and the lines under examination. During the current year we have been able to make a distinct advance in organising a programme of future work and have arrived at certain decisions of a technical nature which will simplify the preparation and execution of new construction projects. We have also had the benefit of the regular procedure devised for the periodical consultation with Local Governments regarding the local needs for new communications. Dates have been fixed for the receipt by Agents of the Local Governments' recommendations, for the submission of programmes to the Railway Board by Agents, for discussion with the Railway Board and for the final settlement of the programme and we have thus ensured a full and thorough annual re-examination and revision of the programme which covers the work of survey and construction over a period of five years.

22. In the documents accompanying the Budget we have made a special feature this year of the systematic presentation of all available information regarding various projects included in the programme. The Budget Memorandum is accompanied by a map of India showing in different colours the new lines under construction, the lines proposed for construction and the lines to be surveyed, and in the pink books for each railway will be found not only a map showing the area referred to in the programme, but also a diagram showing how it is proposed to tackle the various survey and construction jobs to be undertaken in the next few years.

23. In deciding whether a new line should be constructed or not it is necessary, as the Council will recognise, to be satisfied by careful estimates that the net earnings will be sufficient to pay interest charges on the capital invested. But whether this result is achieved depends a great deal on the standard of construction adopted and the correctness of the estimate of earnings. It has generally been the practice to vary the standard of construction to suit the expected traffic but, after a careful consideration of the possibility of reducing first costs by adopting lower standards, the Railway Board came to the conclusion that within certain limits it would be possible generally to adopt such a standard for any particular line as would give an adequate financial return on the capital cost. They have accordingly drawn up specifications for lines of different standards to suit different traffic requirements, and it is now possible after ascertaining the probable earnings to decide on the Standard of Construction to be adopted in order to ensure an adequate return on the capital cost.

In drawing up these specifications we have, after a very careful examination, relaxed to some extent the restrictions in regard to the loads which may be carried over certain sections of rails and have for branch lines permitted a lower standard of equipment and facilities to be adopted.

This has rendered it possible to undertake the construction of some branch lines which under the former rules would not have been possible.

24. And now as the result of this work of preparation, examination and consultation, we are able to put forward a concrete programme of construction work which has within it the promise not only of an early considerable addition to the mileage of railways, but of steady additions year by year for a good many years to come.

25. It is worthy of note that in this active policy of new construction we have been receiving the closest co-operation and assistance from the Local Governments. Evidence of the interest taken in our progress by these Governments is found in the many instances in which the commencement or completion of a new railway has been accompanied by a ceremony at which the Governor of the Province has presided at the invitation of the railway administration concerned. For instance, H. E. the Governor of the Punjab attended the commencement of the Kangra Valley Railway on May 3rd, 1926 and on December 21st, 1926 he opened the Shahdara Narowal Railway for traffic. This railway 49 miles long was built in about 10 months which constitutes an example which I hope will be followed elsewhere in India. Then H. E. the Governor of Bengal opened the Krishnagar-Nabadwip Ghat Railway on 30th June 1926, and H. E. the Governor of Madras opened a portion of the Shoranur-Nilambur Railway on the 3rd February. Other instances of this interest and co-operation are to be found in the opening of Lucknow station by H. E. the Governor of the United Provinces on 13th December 1925, the opening of new Bassein Bridges on the Bombay, Baroda and Central India Railway by H. E. the Governor of Bombay on 22nd January 1927 and the opening of the new broad gauge line from Parbatipur to Silliguri by H. E. the Governor of Bengal on 1st October last year.

I should like to say how greatly the Railway Board value this assistance and recognition of the use of our work in the development of the Provinces of which this interest shewn by the Heads of the Provincial Governments is evidence. And in this connection I should like to mention specially the case of Burma where we have had the most valuable assistance from the Local Government in working out our programme and speeding up construction of lines primarily with the object of developing the backward areas of the Province. We shall have altogether in that province some 650 miles under construction during the ensuing year out of a total programme of 1,620 miles. We have also under special consideration proposals for an extension into the southern districts.

26. The position as regards construction during the coming years may be summarised as follows: After opening 338 miles of new railway in the current year we expect to have under construction during 1927-28 about 100 new projects costing about 60 crores and amounting to 4,640 miles. The completed mileage during the coming year is expected to be just over 900 miles of lines included in our budget and about 1,000 miles if other lines are taken into account if reasonable progress is assured and no serious drawbacks occur. It would perhaps be out of place to forecast any further, but if our present quinquennial programme does not come in for very drastic revision either for financial reasons or other difficulties, there is no reason to anticipate any serious dropping off from this figure of 1,000 miles as the rate of progress for several years to come.

27. We have been faced with the necessity for building up an organization of Engineers to take charge of this programme of construction and

the task has been rendered more difficult by the facts that for many years little or no construction has been undertaken and the number of men with experience of this kind of work was very few. Further, the improvement works on the open lines have been a sufficiently heavy burden for our permanent cadre and it has not been possible to take away many Engineers from it. We have however succeeded in making a beginning and special construction branches have been formed on the larger railways.

28. The graphic presentation of the programme in the budget papers will I hope prove of interest. One outstanding feature will no doubt strike those who study the plans and diagrams, and that is the absence of any very ambitious proposals for the building of new trunk lines. And this opens up an interesting study in railway geography which tempts me to take up more time than the Council would patiently allow me. India is however well served by main trunk lines, and the railway map shows that these trunk railways follow the outlines of India's railway system laid down in Lord Dalhousie's note of 1853. He foresaw a system of trunk lines connecting the interior of each Presidency with its outlying portions and the several Presidencies with each other. This scheme was to include a trunk line from Calcutta to Lahore, another from Bombay to the North West of India, another from Madras to Bombay and a fourth from Madras to the Malabar Coast. Building on that main skeleton a large number of subsidiary trunk lines have been added from time to time and there are now only a few gaps left in the main net work. The important gaps still to be filled are not in fact more than 4 or 5, and of these three are in progress, namely, the Central India Coalfields Railway which will cross the gap lying between the East Indian and Bengal Nagpur Railways in Chota Nagpur and the Central Provinces, the Raipur Parvatipuram line which will complete the link between the Central Provinces and the East Coast, and the Kazipet Bellarshah Railway being built by H. E. H. the Nizam's Government which will effect a saving of some 200 miles in the journey between Madras and Northern India.

29. There are two other main trunk routes to be constructed before it can be said that the main net work of trunk lines is completed, one is the Bombay-Sind connection and the other is the Broad Gauge connection between Karachi and the United Provinces. The former because it is to some extent short-circuited by an easy sea-route has never been considered a very promising undertaking from the financial point of view, but I believe that its construction will become a matter of some importance as the effect of the contemplated extensive irrigation operations in Sind is felt in increased production. We are, therefore, having its financial prospects re-examined, and in order to complete our knowledge of the topography of some of the uninhabited country which has to be crossed we are having an aeroplane survey undertaken shortly.

As regards the broad gauge connection between Karachi and the United Provinces, we do not feel that the time is ripe for undertaking the expenditure involved. The two reasons are, firstly, that there is already a metre gauge connection, which is not seriously overstressed with traffic and secondly, that there is greater need for using such funds as are available for remunerative branch and feeder line elsewhere. I might perhaps add to this category of main lines the proposed connection between India and Burma regarding which a recent investigation of the possibility of a more favourable route through the Arakan mountains has proved unfruitful, and we are therefore left with the two routes formerly surveyed neither of which can be regarded as remunerative proposals.

30. The key note of the programme we are now working to is the filling in of the interstices of the net work of trunk lines with useful branches and feeders so that the benefits of railway service may be brought right to the doors of the agriculturist and the rural population. It will be seen that omitting the two main connections I have already referred to, namely, the Raipur-Parvatipuram line and the Central India Coalfields Railway, we have in our programme nearly 100 projects which average not more than 49 miles apiece and the longest of which is about 100 miles. These are in fact lines designed primarily to serve the interests of the agriculturist and to enable produce to be moved and marketted. Our programme may in fact be described as an agricultural railway programme. But to fulfil this character it has been necessary to devise cheaply constructed lines, because construction to the standards to which we have been accustomed would have meant either that we did not get a fair return on our capital or that we imposed an insupportable burden on the carriage of produce and passengers in the very places where we wished to encourage traffic. Whether these new lines with their low speeds and low standard of amenities will escape severe criticism remains to be seen, but if they are successful, they will pay for gradual improvement up to the standard of the older lines, and in the meantime we shall have to steel ourselves against criticism.

Standardisation.

31. One of the advantages of adopting lower standards for branch lines is that we are thereby enabled to utilise material such as rails, girders and rolling-stock released from renewals and improvement work on main lines and in some cases it may prove financially sound to expedite or even anticipate renewals with this object in view. But to be on safe financial grounds it is necessary to have definite criteria to work in regard to schemes of improvement and renewals on main lines. This is a matter to which the Railway Board have paid concentrated attention during the past few years, and it is intimately connected with the much wider subject of standardisation. The main object we have in view is to reduce operating costs, and it is recognised that we must therefore aim at heavier train loads and larger carrying capacity of individual vehicles. The efforts in this direction in the past have been hampered by a lack of co-ordination, for locomotives have been improved, larger wagons, stronger bridges and heavier rails adopted without any accurate scientific relation between the standards ultimately aimed at. We have now established permanent Standing Committees of our own expert officers to deal with Locomotive Standardisation, Carriage and Wagon Standardisation, Bridge standards, Track standards and Signalling and Interlocking standards.

The work already done by these Committees is of remarkable value and has enabled us to draw up with confidence the standard specifications I have already referred to. We now know with a certainty based on the most accurate scientific investigation that with locomotives to haul a certain load, with wagons of a certain carrying capacity we need rails of a certain section and bridges designed of a certain strength. We can consequently examine any particular section of the line and assess with accuracy the improvement works required to bring it up to a certain standard of carrying capacity.

Bridge Design.

32. The work of the Bridge Committee has perhaps been of the most importance and here we have been assisted by the results of many years' experiment and scientific work in India, Great Britain and America. The work of laying down the principles of bridge design in compatibility with the complicated stresses produced by a moving train is still far from complete, and an eminent Committee of scientists is still examining the problem in Great Britain. But for the present the Railway Board felt that the degree of fineness in these calculations already reached was sufficient, for present practical purposes, to enable us to adopt certain formulæ, and these have been embodied in revised rules for bridge design which we have just issued. The importance of this work lies in the fact that for our present loads and those we can foresee in the early future, not only can we design more cheaply but many of our existing bridges, which were thought not to be of sufficient strength, can remain without renewal or strengthening for many years. The investigation of existing bridges on the basis of the new formulæ will take some time, but it is safe to say that the expenditure on bridge renewals and strengthening in order to attain the same standards as we were aiming at will be substantially reduced in the long run.

Locomotives.

33. Last year I mentioned the steps taken towards standardisation of locomotives. The sample engines to the new standard types have been under construction in England during the year and the preparation of complete detailed drawings has proceeded side by side with manufacture under the supervision of our Consulting Engineers. It is expected that the first engines for trial will be received in May this year. To meet the requirements of certain railways a few additional engines of these types will be ordered during the coming year, but until the new models have been tried out it is not intended to order any large quantity, and in fact there are many factors operating which have the result of rendering surplus a certain number of engines of particular types on some of the railways. Amongst these factors are the reduction of the time taken for repairs in workshops which I shall refer to later and the gradual introduction of a system known as pooling or double crewing. Up till recently it was the practice in India as well as in most other countries to assign a particular driver and crew to a particular engine. It was found in fact that after an average turn of work while the crew needed rest the engine needed certain attention, such as minor repairs, cleaning, oiling and coaling with the result that the engine worked only those hours in the 24 of which a human being was capable. Improvements in design and in the methods of handling have led to the possibility of engines doing more continuous work than this, and during the last year many experiments have been made of changing the engine crew after certain lengths of run instead of changing the engine. There are certain practical difficulties to be overcome before this is universally adopted and it has yet to be ascertained what is the maximum distance which an engine can work over regularly without shed attention. But remarkable results have already been obtained. For instance it has been found possible to work the Lahore Karachi mail train, a distance of about 900 miles, with only one change of locomotive, whereas formerly there were six changes; and so we save 5 engines and effect a considerable economy in coal consumption. This

practice as it is gradually introduced will result in a saving of engine power and in the present requirements of traffic being met with fewer locomotives. We do not overlook the fact that more continuous use will mean a shorter effective life for the engine, but the balance of financial advantage appears to be in making more intensive use of the equipment with a possible earlier replacement. Until therefore we are in a position to demonstrate that the new standard engines give so much better service than the old that rapid replacement should take place we are not likely to require to purchase any large number of engines either as additions or renewals.

Wagons.

34. This line of thought brings me to the question of wagons. We were led early last year to make a scientific analysis of the problem of the number of wagons required normally to move a given volume of traffic in the year, and we found irrefutable evidence that the measures we have taken to speed up movement and improve methods of handling were beginning to have a much more rapid effect than we had ever been sanguine enough to hope for. For many years past one of the gravest criticisms of railway management in India was based on the complaint of " shortage of wagons ". Public pressure brought to bear on Government and the managements had been directed towards greater allotments of funds for the purchase of wagons, and it was only slowly recognised that the inadequacy of wagon supply at consignment points was a symptom not of inadequate wagon stock but inadequate facilities for handling wagons and trains.

It has now become clear that if more money had been allotted for such work the shortage would have disappeared and in fact as soon as the effect of the more generous allotment since 1920-21 began to be felt in improved marshalling yards, line capacity and train speed, it was found that fewer complaints about shortage of wagons were heard. Although these works had been designed with this object in view and had been pressed on Government as of vital urgency for many years by various railways (a movement in which I myself in another capacity took a part), no one seems to have been bold enough to believe that their execution, or even partial execution in some cases, could have had so rapid effect as to produce an actual surplus of wagons at the period of peak traffic. Yet this is what has happened and we can only conclude that there has been at the same time a very extraordinary joint co-operative effort on the part of all those on the railways concerned in the movement of traffic.

35. The Railway Board perhaps cannot altogether escape criticism in that up to a comparatively recent period this new development was not expected to materialise so rapidly and that we were even a year ago contemplating some necessity for addition and renewals of wagon stock. The reason was, however, that our new reliable statistics, which help us to watch matters of this kind, had only been established in 1924 and there was insufficient accurate evidence on which to form conclusions. The fact, however, has now got to be faced that we shall not have to purchase any new general service broad gauge wagons either as additions or renewals for next year and most probably for the year after as well and perhaps for some years thereafter. With all due sympathy for the people who have been expecting orders to build wagons we should be rightly charged with hypocrisy if we did not regard this great saving of public money with considerable satisfaction.

36. I should perhaps mention that as in the case of locomotives our Standardisation Committee have designed certain improved types of wagons for general service which we shall adopt when and as it becomes profitable to renew some of our older stock, and samples of these new types are being built in England under the supervision of the Consulting Engineers who are also preparing the accurate working drawings of each type which are necessary in order to establish the principle of complete standardisation in regard to future supplies of these wagons.

Workshop Reorganisation.

37. In speaking of locomotives I mentioned the reduction in the time taken for heavy repairs. This also applies to wagons and coaching vehicles, and apart from its obvious effect on the numbers of locomotives and vehicles available for service the changes effected or which will shortly materialise will have an effect on costs which it is not yet possible to assess. Briefly it has been found possible by adopting certain methods to do the heavy repairs to a locomotive which formerly took on the average 140 days in something like 50. Whereas wagons were frequently in shops for 50 to 60 days it has been proved to be possible to do the necessary repairs in 6 days. Coaching vehicles which were formerly 70 days under repairs can, in some of our workshops, now be completely overhauled in 28 days. This is the result of better laid out and equipped workshops and of applying the principle of what is commonly known as " mass production " to repair work. As a method of manufacture this was evolved during the stress of war work, but its application to repairs is a new discovery, and if the Indian Railways cannot be credited with this discovery, we are at any rate amongst the earliest pioneers in putting it into practice. The method has for its objects:—

(1) the correct sequence of repairs to component parts,

(2) the balancing of workshop operations,

(3) the concurrent working of the various labour gangs.

I cannot without becoming too technical go into further details, but I may say that it has rendered many of our time-honoured workshop methods completely out of date. It was a realisation of the possibilities of this method, already introduced into one of our workshops, which led the Railway Board to obtain the services of the expert Committee to inquire into State Railway Workshops last cold weather.

38. The report of that Committee in so far as it recommends the reorganisation of our workshops is now being made the basis of our workshop policy. It has led to the closing down of certain workshops which are both out of date and badly located, to the modification of the designs for remodelling some of the workshops and to the remodelling of others which require adaptation to the new methods and to fit them for the heavier vehicles we now use. I am aware that the report contains much severe criticism, and that this has been made, in some quarters, the text for an indictment of railway management in India generally. But all I have to say is that we asked for this criticism and were glad to get it and are not afraid of it. We knew that in the light of experience gained in Great Britain and other countries we required modernisation, and we were anxious to let that light into our operations. We should, I think, have been rightly charged with dereliction of duty if we had not had the courage to lay bare the whole of our business to the expert and critical eyes of those whose knowledge was greater and more extensive than ours could be.

39. To effect a universal improvement in all our workshops on the same scale as I have indicated will take time and the expenditure of some money, although the outlay will be considerably less than it was originally anticipated that we should have to spend on modernising some of our workshops. And although we have already begun to benefit from the new process, particularly in the time factor, it will be some time before the measures now in hand to obtain the full benefit of reduction in costs can be entirely productive. A beginning has been made, however, and as we have placed Mr. Wrench, a member of the Committee, on special duty in order to put the recommendation of the Committee into practice in the State Railway Workshops, we hope to make considerable progress in the coming year.

Recruitment of Staff.

40. The regulations for the recruitment in India of officers to most of the branches of railway service have been finally settled and were published in July last. For some of the less important branches regulations are nearly ready for issue and will be shortly published. The regulations are designed to carry out the decision of Government, adopted on the recommendation of the Lee Commission, to improve the facilities for training in India as rapidly as possible so as to permit of recruitment of 75 per cent. of vacancies in India. The publication, much to the relief of myself and my colleagues, marks the termination of such patronage as was exercised by the Railway Board in the past, for the preliminary selection of candidates for recruitment is now done by Provincial Committees, the final selection being made by the Public Service Commission as the result of a competitive examination. The regulations have been drawn up with the sole object of securing from the human material available the recruits best suited to the various branches of railway service, and the Railway Board hope that with the subsequent training which they will receive in practical work and at the Transportation School will result in the building up of a strong and efficient service in no way inferior to their predecessors.

41. Another aspect of recruitment is worthy of mention. I have referred to the difficulties involved in building up an organised staff to deal with the new programme of surveys and construction. Although we are planning construction for 5 years ahead and can in fact arrange our operations so as to employ a large staff continuously for that period, we should not be justified in looking further ahead than that nor in regarding a construction programme on this scale as a permanent feature of our future railway programme. We cannot, therefore, increase our permanent engineer staff by the number required to do this work, for we should thereby run the risk of having to terminate prematurely their services if at any time the programme had to be stopped or slowed down. To meet the difficulty we have had to do a considerable amount of recruitment on a temporary basis. We have engaged on one year's contracts such engineers as were available in India, after prolonged search and frequent advertisement, and we have also been able to obtain some trained engineers from England, both European and Indian, on 3 years' covenants. But we felt that the practical training which can be obtained on construction work is of great value to any engineer whether he is going to be a railway engineer hereafter or not, and we have therefore arranged with effect from last year to take on, on State Railways, 17 engineering graduates yearly for practical training for one year. Of these 9 were taken from engineering colleges in India and 8 from those who had gone to Great Britain for

their degrees. While we can offer to these men no definite hope of permanent employment, for recruitment to the permanent service must follow the lines laid down in the regulations I have referred to, we feel that they will be benefited by this training, and we shall be building up a reserve of practically trained men on whom either the railways or other public works may be able to draw in time of need.

Travelling without Tickets.

42. The question of fraudulent travelling has received concentrated attention during the past year. It was at first thought that no relief from this constant source of loss of revenue could be obtained without recourse to legislation in order to make travelling without a ticket a cognisable offence. It was decided, however, after consulting the Central Advisory Council for Railways to defer such action until all other possible remedies had been tried. Further efforts on improved lines have been made however resulting in the detection of large numbers of cases and the recovery of considerable sums of money which indicate the possibility of keeping the evil in check if it may not be possible to eliminate it altogether. The most promising of these efforts has been the introduction of a system whereby a ticket checker travels on every carriage, under the constant supervision of an Inspector, and prevents the entry of passengers into the carriage unless tickets are held. On one portion of the East Indian Railway where this has been tried there have been satisfactory results in improved bookings and the instances of passengers travelling without tickets have been reduced to negligible figures. The method involves some expenditure and at first came in for a good deal of criticism from the travelling public. We are awaiting a report from the Agent, East Indian Railway, before considering whether the system cannot be beneficially introduced more widely.

Compensation Claims.

43. The measures taken to reduce the large payments on account of claims for compensation for goods lost or damaged on railways have met with considerable success. The question of the heavy increase in the amounts of these claims during and after the war was one of those matters which engaged the attention of the Inchcape Committee. Both before and after this the Railway Board made very special efforts to reduce the amount of claims. The reorganisation and improvement in the watch and ward staff on railways, the improvement in the lighting of station yards and sheds, the adoption of a system of locking or rivetting wagons on all railways, surprise check of wagons at stations *en route* and, above all, stricter supervision over goods sheds and the loading and transhipping of goods, were among the methods adopted for reducing losses and thereby claims for compensation.

44. As a result of these measures the total bill has been steadily and rapidly decreasing. In the year 1922-23, the total payments amounted to 120 lakhs. It dropped to 79 lakhs in 1923-24 and 57 lakhs in the following year. In 1925-26, which is the latest year of which accounts are available, the total amounted only to 29 lakhs, while the estimated payments in 1926-27 and 1927-28 are only 19 and 20 lakhs, respectively. These figures are less than the total paid in 1913-14, namely, 26 lakhs, in spite of the fact that there has been a considerable increase in traffic.

carried as compared with 1913-14. The percentage of claims paid to goods earnings was about one-half of 1 per cent. in the pre-war period, but went up to more than 2 per cent. in 1922-23. It came down again to about one-half of 1 per cent. in 1925-26, while the percentage in 1926-27 and 1927-28 is expected to be only about 1/3rd of 1 per cent. and thus shows a substantial improvement over pre-war figures. Looked at as evidence of the increased care taken by Railways of property in their charge these figures I think show a satisfactory record.

Publicity.

45. The application of publicity work to the business of attracting new traffic to the railways has received increased attention during the current year, and we are planning to extend our operations in the near future. For some time past the Great Indian Peninsula Railway has been organising propaganda with a view to assisting and encouraging tourist traffic from abroad. This work was at first undertaken in Canada and the United States through the agency of the Canadian Pacific Railway, but has now been extended on behalf of all the State-managed railways, and we have been able to make mutual arrangements with the railways of Great Britain for the interchange of advertising space and material for advertisements and publicity work. No great expenditure is involved, but the success of the work depends on intelligent organisation. The traffic brought to the railways from these efforts is already considerable and has fully justified the efforts made. We are also taking up the more important side of this subject in publicity work in India itself, directed towards the encouragement of travelling and bringing to the notice of the public the services which the railways can render in the transportation of goods and produce. This work is being assisted by travelling cinemas on the State Railways which show films of Railway interest and attract large audiences. In addition to films of purely railway interest we have had films prepared on agricultural subjects, which it is hoped will have an educative effect on the cultivators and give them information about improved methods of agriculture. The connection of this work with railway business is through the stimulus which it is hoped will be given to railway traffic from improvements in methods of agriculture.

The organisation of all this publicity work takes the form of a publicity office on each State-managed railway co-ordinated by a Central office in Bombay, which is now being formed. The work is an essential part of the commercial side of railway business, and while many of our railways have reached a fairly high standard in the matter of advertising material produced, there is still a wide field of work in reaching the illiterate masses and enlightening them in regard to railway facilities. We hope to make a definite move forward in this direction with the organisation I have mentioned.

Accounts.

46. I mentioned last year that our railway accounts were to be subjected to expert examination with a view to adapting them on a commercial basis for the use of the administrative and executive officers engaged in the control of railways. This work is now in process, and Sir Arthur Dickinson, a very distinguished and experienced accountant, is engaged with his staff in visiting the various railways and investigating the present accounting system.

In dealing with statistics and accounts, greater use is continually being made of calculating machines, and an interesting development has been the experiment made during the past year on simplification of the division of freight accounts between different railways. The experiment has resulted in the discovery of a new and much simplified method of doing this work, and it has been decided to apply this method to the settlement of accounts between the various State Railways in a Clearing Accounts Office. This will result in considerable savings in expenditure as the new method is gradually introduced, but will also effect savings in time and is accompanied by great accuracy. It is probable that as the new method becomes established, the Company-managed railways will wish to have their accounts dealt with in the same way, and we, therefore, have the prospect in the early future of the establishment of a Clearing Office for all railways.

Conclusion.

47. I trust I have not wearied the Council with this recital of the railway position as viewed through the medium of our Budget papers. I have tried to give a review of our business in the short time available and have necessarily had to leave out a great many matters which are of public interest, and perhaps of particular interest to this Council. But I hope I have said enough to show that our general financial position is sound, that years of poor earnings like the present do not deter us from holding a sturdy optimism regarding the future, and that that optimism is a live factor in inducing us to look out for more business and to keep our costs down to the minimum compatible with efficiency. The record of the past few years has been one of great concentrated effort towards improvement, and although we have to acknowledge that in many directions we have not yet got the best out of our railways, memories must indeed be short if the changes that have taken place as the result of the combined effort on the part of all railway administrations are not recognised. At this stage perhaps I need only mention the facts that we have definitely overcome wagon shortage, we have been able to make substantial reductions in passenger fares, have met the normal demands of trade for transportation, have commenced an extensive construction programme and, lastly, we have been able to pay our fair interest charges and the agreed contribution to general revenues while making regular financial provision for the renewal of wasting assets. In the great work of steadily improving efficiency and introducing economies, the Railway Board have to acknowledge the wholehearted support and co-operation of the Agents, officers and men of the various railway administrations, and I take the opportunity of bringing to the notice of this Council the very valuable services which this large body of public servants is rendering to the country.

Schedule of demands for grants for expenditure of the Central Government on Railways for the year 1927-28 submitted for the vote of the Legislative Assembly.

Number of Demand.	Service to which demand relates.	Amount.
	A.—EXPENDITURE FROM REVENUE.	
	Commercial Lines—	Rs.
1	Railway Board	9,43,000
2	Inspection	1,21,000
3	Audit	9,70,000
4	Working Expenses: Administration	12,30,00,000
5	Working Expenses: Repairs and Maintenance and Operation	39,67,00,000
6	Companies' and Indian States' share of surplus profits and net earnings.	1,41,25,000
9	Appropriation to Depreciation Fund	11,50,00,000
10	Appropriation from Depreciation Fund	9,00,00,000
11	Miscellaneous	20,56,000
12	Appropriation to the Reserve Fund	1,61,58,000
13	Appropriation from the Reserve Fund	...
14	*Strategic Lines*	1,55,10,000
	B.—EXPENDITURE CHARGED TO CAPITAL.	
	Commercial Lines—	
7	New Construction	7,35,51,000
8	Open Line Works	16,82,29,000
15	*Strategic Lines*	74,39,000

Note.—As regards the demands refused by the Assembly, see paragraph 2 of Government of India, Finance Department, Resolution No. 4504-F., dated the 31st March 1927.

BUDGET

OF THE

Railway Revenue and Expenditure of the Government of India,

March 1927

ACCOUNTS	1925-26
REVISED ESTIMATES	1926-27
BUDGET ESTIMATES	1927-28

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* Published with Government of India, Finance Department Resolution No. 4504-F., dated the 31st March 1927

1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1925-26.				Revised Estimate	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings :—						
Upper class . .	4,40,02,606	...	...	4,40,02,606	4,30,62,000	...
Lower class . .	31,58,95,060	...	...	31,58,95,060	31,11,87,000	...
Other coaching traffic earnings.	5,93,99,354	...	...	5,93,99,354	5,84,57,000	...
Goods traffic earnings .	60,75,19,122	...	...	60,75,19,122	60,14,45,000	...
Hire charges and other payments from Railways.	75,77,000	...	...	75,77,000	63,75,000	...
Sundry earnings . .	1,67,47,255	4,82,355	1,57,929	1,73,87,539	1,77,49,000	2,83,000
Total earnings .	1,05,11,40,337	4,82,355	1,57,929	1,05,17,80,621	1,03,82,75,000	2,83,000
Deduct—Earnings of worked lines.	*7,12,22,674*	...	...	*7,12,22,674*	*6,52,00,000*	...
Earnings of State Railways.	97,99,17,663	4,82,355	1,57,929	98,05,57,947	97,30,75,000	2,83,000
Suspense . . .	35,413	...	...	35,413	...	...
Gross receipts of State Railways.	97,99,53,076	4,82,355	1,57,929	98,05,93,360	97,30,75,000	2,83,000
Deduct—Working expenses of State Railways.*	*62,47,48,455*	*10,78,991*	*3,55,014*	*62,61,82,460*	*62,98,57,000*	*36,65,000*
Surplus profits paid to Indian States and railway companies.	*1,77,41,943*	...	...	*1,77,41,943*	*1,61,30,000*	...
Net receipts . . .	33,74,62,678	—5,96,636	—1,97,085	33,66,68,957	32,70,88,000	—33,82,000
(b) Strategic lines—						
Gross receipts . .	1,64,06,980	...	...	1,64,06,980	1,49,25,000	...
Deduct—Working expenses	*1,80,13,976*	...	...	*1,80,13,976*	*1,96,50,000*	...
Net receipts . . .	—16,06,996	...	...	—16,06,996	—47,25,000	...
Total net receipts, Commercial and Strategic lines.	33,58,55,682	—5,96,636	—1,97,085	33,50,61,961	32,23,63,000	—33,82,000
XII.—Subsidized Companies: Government share of surplus profits.	4,75,038	22,74,384	7,57,696	35,07,118	5,68,000	18,94,000
XII-A. Miscellaneous Railway Receipts—						
Interest on Depreciation and Reserve Funds.	53,77,245	...	...	53,77,245	61,43,000	...
Dividend on investments in branch lines.	66,451	...	...	66,451	3,91,000	...
Total receipts .	34,17,74,416	16,77,748	5,60,611	34,40,12,775	32,94,65,000	—14,88,000
Deficit in Railway Revenue transferred from Reserve to meet in full the contribution to General Revenue .	...	...	...	...	7,06,000	...
Total .	34,17,74,416	16,77,748	5,60,611	34,40,12,775	33,01,71,000	—14,88,000

*For details see statement 1 (a).

J. M. HARTLEY,
Accountant General, Railways.

New Delhi,
Railway Department;
The 24th March 1927.

Government from railways in India and England.

1926-27.		Increase (+) Decrease (−) as compared with the Budget Estimate, 1926-27.	Budget Estimate, 1927-28.				Increase (+) Decrease (−) as compared with the Revised Estimate, 1926-27.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	4,30,62,000	−10,73,000	4,37,95,000	...	...	4,37,95,000	+7,33,000
...	31,11,87,000	−1,26,08,000	31,46,43,000	...	...	31,46,43,000	+34,56,000
...	5,84,57,000	−8,60,000	6,02,85,000	...	...	6,02,85,000	+18,28,000
...	60,14,45,000	−2,41,69,000	61,64,44,000	...	...	61,64,44,000	+1,49,99,000
...	63,75,000	−22,85,000	65,20,000	...	...	65,20,000	+1,45,000
96,000	1,81,28,000	+4,05,000	1,83,88,000	4,83,000	1,61,000	1,90,32,000	+9,04,000
96,000	1,03,86,54,000	−4,05,90,000	1,06,00,75,000	4,83,000	1,61,000	1,06,07,19,000	+2,20,65,000
...	*6,59,00,000*	*+4,71,000*	*6,77,00,000*	...	...	*6,77,00,000*	*+25,00,000*
96,000	97,34,54,000	−4,10,61,000	99,23,75,000	4,83,000	1,61,000	99,30,19,000	*+1,95,65,000*
...	...	+3,14,000	...	...	...	...	...
96,000	97,34,54,000	−4,07,47,000	99,23,75,000	4,83,000	1,61,000	99,30,19,000	+1,95,65,000
12,39,000	*63,47,61,000*	*−1,71,33,000*	*63,09,03,000*	*34,85,000*	*11,62,000*	*63,55,50,000*	*+7,89,000*
...	*1,61,30,000*	*+10,30,000*	*1,41,25,000*	...	...	*1,41,25,000*	*−20,05,000*
−11,43,000	32,25,63,000	−3,46,44,000	34,73,47,000	−30,02,000	−10,01,000	34,33,44,000	+2,07,81,000
...	1,49,25,000	−18,18,000	1,51,25,000	...	...	1,51,25,000	+2,00,000
...	*1,96,50,000*	*−14,55,000*	*1,97,50,000*	...	...	*1,97,50,000*	*+1,00,000*
...	−47,25,000	−3,63,000	−46,25,000	...	...	−46,25,000	+1,00,000
−11,43,000	31,78,38,000	−2,50,07,000	34,27,22,000	−30,02,000	−10,01,000	33,87,19,000	+2,08,81,000
6,40,000	31,02,000	−3,32,000	7,33,000	17,40,000	5,80,000	30,53,000	−49,000
...	61,43,000	−20,11,000	74,66,000	...	...	74,66,000	+13,23,000
...	3,91,000	+3,91,000	4,75,000	...	...	4,75,000	+84,000
−5,03,000	32,74,74,000	−2,69,59,000	35,13,96,000	−12,62,000	−4,21,000	34,97,13,000	+2,22,39,000
...	7,06,000	+7,06,000	...	...	...	...	−7,06,000
−5,03,000	32,81,80,000	−2,62,53,000	35,13,96,000	−12,62,000	−4,21,000	34,97,13,000	+2,15,33,000

A. A. L. PARSONS,
Financial Commissioner.

1 (*a*).—Statement of Working Expenses of State

	Accounts, 1925-26.				Revised Estimate	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration . . .	12,62,74,525	10,78,991	3,55,014	12,77,08,530	12,40,96,000	36,65,000
Repairs and maintenance .	16,78,58,883	...	...	16,78,58,883	18,06,00,000	...
Operation	26,72,96,379	...	...	26,72,96,379	25,20,00,000	...
Refunds of Revenue . .	...	...	...	...	32,00,000	...
Depreciation	10,31,69,999	...	...	10,31,69,999	10,64,61,000	...
Suspense	—9,73,472	...	...	—9,73,472	...	...
Total .	66,36,26,214	10,78,991	3,55,014	66,50,60,219	66,63,57,000	36,65,000
Deduct—Share of Worked Lines.	3,88,77,759	...	...	3,88,77,759	3,65,00,000	...
Working Expenses .	62,47,48,455	10,78,991	3,55,014	62,61,82,460	62,98,57,000	36,65,000

J. M. HARTLEY,
Accountant General, Railways.

New Delhi,
Railway Department;
The 24th March 1927.

Railways—Commercial Lines.

1926-27.		Increase (+) Decrease (—) as compared with Budget, 1926-27.	Budget Estimate, 1927-28.				Increase (+) Decrease (—) as compared with Revised, 1926-27.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
12,39,000	12,90,00,000	—12,99,000	12,33,53,000	34,85,000	11,62,000	12,80,00,000	—10,00,000
...	18,06,00,000	—18,50,000	18,16,00,000	...	...	18,16,00,000	+10,00,000
...	25,20,00,000	—1,44,51,000	24,99,00,000	...	...	24,99,00,000	—21,00,000
...	32,00,000	+2,00,000	32,00,000	...	...	32,00,000	...
...	10,64,61,000	+47,000	11,07,50,000	...	...	11,07,50,000	+42,89,000
...	...	+16,70,000	...	...	...	...	...
12,39,000	67,12,61,000	—1,63,83,000	66,88,03,000	34,85,000	11,62,000	67,34,50,000	+21,89,000
...	3,65,00,000	+7,50,000	3,79,00,000	...	...	3,79,00,000	+14,00,000
12,39,000	63,47,61,000	—1,71,33,000	63,09,03,000	34,85,000	11,62,000	63,55,50,000	+7,89,000

A. A. L. PARSONS,

Financial Commissioner.

2.—Statement of the expenditure on railways charged to

Heads of Expenditure.	Accounts, 1925-26.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
Interest: commercial lines:						
on Government capital at charge	12,17,08,771	7,27,10,080	2,38,99,465	21,83,18,316	13,20,57,000	7,42,11,000
on capital contributed by Indian States and Companies.	2,83,820	1,23,75,710	40,39,480	1,66,99,010	2,97,000	1,14,91,000
Total interest, commercial lines	12,19,92,591	8,50,85,790	2,79,38,945	23,50,17,326	13,23,54,000	8,57,02,000
Interest, strategic lines	1,30,94,196	...	...	1,30,94,196	1,33,32,000	...
Total interest	13,50,86,787	8,50,85,790	2,79,38,945	24,81,11,522	14,56,86,000	8,57,02,000
11. Subsidized Companies: Land and subsidy.	4,38,351	...	...	4,38,351	8,53,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	—3,14,437	21,90,059	7,19,077	25,94,699	60,88,000	5,41,000
Strategic lines	33,661	...	...	33,661	75,000	...
Payments to general revenues—						
Contribution*	5,09,38,083	...	...	5,09,38,083	6,00,87,000	...
One-third of the excess of railway surplus over three crores.	39,65,486	...	...	39,65,486	...	...
Total payment to general revenues	5,49,03,569	...	...	5,49,03,569	6,00,87,000	...
12A—Surplus Railway Revenue transferred to Reserve	3,79,30,973	...	...	3,79,30,973	...	...
Total	22,80,78,904	8,72,75,849	2,86,58,022	34,40,12,775	21,27,89,000	8,62,43,000

* For details see Statement 2 *(a)*.

J. M. HARTLEY,
Accountant General, Railways.

New Delhi,
Railway Department;
The 24th March 1927.

the revenue of the Central Government in India and in England.

1926-27.		Increase (+) Decrease (−) as compared with Budget, 1926-27.	Budget Estimate, 1927-28.				
Exchange.	Total.		India.	England.	Exchange.	Total.	Increase (+) decrease (−) as compared with Revised, 1926-27.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,50,81,000	23,13,49,000	+5,12,000	14,25,08,000	7,65,42,000	2,55,14,000	24,45,64,000	+1,32,15,000
38,84,000	1,56,72,000	−2,55,000	3,00,000	1,09,74,000	36,58,000	1,49,32,000	−7,40,000
2,89,65,000	24,70,21,000	+2,57,000	14,28,08,000	8,75,16,000	2,91,72,000	25,94,96,000	+1,24,75,000
...	1,33,32,000	+3,48,000	1,37,00,000	...	...	1,37,00,000	+3,68,000
2,89,65,000	26,03,53,000	+6,05,000	15,65,08,000	8,75,16,000	2,91,72,000	27,31,96,000	+1,28,43,000
...	8,53,000	+13,000	12,76,000	...	...	12,76,000	+4,23,000
1,83,000	68,12,000	+53,000	35,92,000	4,95,000	1,65,000	42,52,000*	−25,60,000
...	75,000	+53,000	23,000	...	...	23,000	−52,000
...	6,00,87,000	...	5,48,08,000	...	...	5,48,08,000	−52,79,000
...	...	...	...	...	...	...	...
...	6,00,87,000	...	5,48,08,000	...	...	5,48,08,000	−52,79,000
...	...	−2,70,07,000	1,61,58,000	...	...	1,61,58,000	+1,61,58,000
2,91,48,000	32,81,80,000	−2,62,53,000	23,23,65,000	8,80,11,000	2,93,37,000	34,97,13,000	+2,15,33,000

* Rupees two reduced by the Legislative Assembly has not been restored by the Governor General in Council but the figure has been shown in the statement in round thousands as usual.

A. A. L. PARSONS,
Financial Commissioner.

2 (*a*).—Contribution from Railway to general revenues, 1926-27.

(Based on actuals, 1924-25.)

	Rs.	Rs.
1. 1 per cent. on capital of 5,80,75,63,148 at charge, commercial lines	...	5,80,75,631
2. (i) Receipts—		
Gross traffic receipts, commercial lines	99,44,69,321	
Interest on Depreciation and Reserve Fund balances	21,28,998	
Subsidised Companies, share of surplus profits	30,15,987	
		99,96,14,306
(ii) Charges—		
Working expenses, commercial lines	60,95,02,236	
Indian States and Railway Companies' share of surplus profits	1,42,27,560	
Interest—		
On capital at charge, commercial lines	20,00,21,491	
On capital contributed by Indian States and Companies	2,67,15,617	
Land and subsidy	3,09,285	
Miscellaneous Railway expenditure	13,09,997	
Contribution at 1 per cent. on capital at charge, commercial lines	5,80,75,631	
		91,01,61,817
(iii) Surplus	...	8,94,52,489
(iv) Contribution of one-fifth of surplus	...	1,78,90,498
3. (i) Total contribution from railway revenues [1 *plus* 2 (iv)]	...	7,59,66,129
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital of 26,86,77,078	1,22,77,085	
(ii) Loss in working	36,02,156	
		1,58,79,241
(ii) Net payment due from railway to general revenues in 1926-27	...	6,00,86,888

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner.

NEW DELHI,
RAILWAY DEPARTMENT;
The 24th March 1927.

2 (*a*).—Contribution from Railway to General Revenues, 1927-28.

(Based on actuals, 1925.-26.)

	Rs.	Rs.
1. 1 per cent. on capital of 6,00,36,79,855 at charge, commercial lines	...	6,00,36,799
2. (i) Receipts—		
Gross traffic receipts, commercial lines	98,05,93,360	
Interest on Depreciation and Reserve Fund balances	53,77,245	
Dividend on investments in branch lines	66,451	
Subsidised Companies' share of surplus profits	35,07,118	
(ii) Charges—		98,95,44,174
Working expenses, commercial lines	63,61,62,460	
Indian States and Railway Companies' share of surplus profits	1,77,41,943	
Interest—		
On capital at charge, commercial lines	21,83,18,316	
On capital contributed by Indian States and Companies	1,66,99,010	
Land and subsidy	4,38,351	
Miscellaneous railway expenditure	25,94,699	
Contribution at 1 per cent. on capital at charge, commercial lines	6,00,36,799	
		94,20,11,578
(iii) Surplus	...	4,75,32,596
(iv) Contribution of one-fifth of surplus	...	95,06,519
3. (i) Total contribution from railway revenues [1 *plus* 2 (iv)]	...	6,95,43,318
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital of 30,24,88,903	1,30,94,196	
(ii) Loss in working	16,40,657	
		1,47,34,853
(ii) Net payment due from railway to general revenues in 1927-28	...	5,48,08,465

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner.

NEW DELHI,
RAILWAY DEPARTMENT;
The 24th March 1927.

3.—Statement of receipts of the Central Government in India and England for State

Heads of Account.	Accounts, 1925-26.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XLI.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways . . .	...	55,65,000	21,50,537	77,15,537	...	...

New Delhi,
Railway Department;
The 24th March 1927.

J. M. HARTLEY,
Accountant General, Railways.

Capital contributed by Railway Companies and Indian States towards outlay on Railways.

1926-27.			Budget Estimate, 1927-28.				
Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1926-27.	India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1926-27.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	...	—2,95,19,000	...	1,94,19,000	64,73,000	2,58,92,000	+2,58,92,000

A. A. L. PARSONS,
Financial Commissioner.

4.—Statement of the Capital Expenditure of the

Heads of Expenditure.	Accounts, 1925-26.				Revised Estimate.	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue :—						
53.—Construction of State Railways :—						
(*a*) Commercial Lines . . .						
Open Line Works—						
Rolling Stock . . .	...	...	...	5,80,47,000	...	...
Other Works . . .	...	...	...	11,49,68,325	...	...
New Lines	...	...	...	3,93,14,000	...	...
Suspense	...	...	...	—2,34,92,000	...	...
(*b*) Strategic Lines . . .	...	...	...	36,12,605	...	...
Total .	9,33,31,841	7,47,52,461	2,43,75,628	19,24,49,930	14,62,37,000	9,25,00,000
Deduct—Probable Savings . . .	...	...	...	...	...	...
Net .	9,33,31,841	7,47,52,461	2,43,75,628	19,24,49,930	14,62,37,000	9,25,00,000
53-A.—Discharge of Debentures . .	...	62,50,000	20,11,618	82,61,618	...	1,96,89,000
54.—Redemption of liabilities involved in purchase of Railways . .	...	2,57,50,000	85,23,830	3,42,73,830	...	...

New Delhi,
Railway Department ;
The 24th March 1927.

J. M. HARTLEY,
Accountant General, Railways.

Central Government in India and England on Railways.

1926-27.			Budget Estimate, 1927-28.				
Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1926-27.	India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1926-27.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	5,11,18,000	—2,78,91,000	...	...	...	5,77,46,000	+66,28,000
...	16,65,23,000	—4,89,62,000	...	...	...	18,94,10,000	+2,28,87,000
...	6,25,00,000	—3,50,94,000	...	...	...	14,70,04,000	+8,45,04,000
...	—1,75,41,000	—54,76,000	...	...	...	—61,08,000	+1,14,33,000
...	74,00,000	+16,00,000	...	...	...	96,29,000	+22,29,000
3,12,63,000	27,00,00,000	—11,58,23,000	23,76,72,000	12,00,07,000	4,00,02,000	39,76,81,000	+12,76,81,000
...	...	—12,58,23,000	10,10,05,000	3,50,07,000	1,16,69,000	14,76,81,000	+14,76,81,000
3,12,63,000	27,00,00,000	+1,00,00,000	13,66,67,000	8,50,00,000	2,83,33,000	25,00,00,000	—2,00,00,000
66,54,000	2,63,43,000	—98,42,000	...	2,48,89,000	82,97,000	3,31,86,000	+68,43,000
...	...	...	...	...	...	...	...

A. A. L. PARSONS,
Financial Commissioner.

A.—Railway Depreciation Fund.

	Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.		Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance	3,05,98,501	6,70,98,501	5,74,46,866	8,78,57,866	Appropriation from Depreciation Fund.	7,98,39,634	8,50,00,000	8,00,00,000	9,00,00,000
Appropriation to Depreciation Fund.	10,66,87,999	11,05,00,000	11,04,11,000	11,50,00,000	Closing balance.	5,74,46,866	9,25,98,501	8,78,57,866	11,28,57,866
TOTAL .	13,72,86,500	17,75,98,501	16,78,57,866	20,28,57,866	TOTAL .	13,72,86,500	17,75,98,501	16,78,57,866	20,28,57,866

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner

NEW DELHI,
RAILWAY DEPARTMENT;
The 24th March 1927.

B.—Railway Reserve Fund.

	Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.		Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	5,99,78,400	9,44,99,400	9,79,09,373	9,72,03,373	Appropriation from Reserve Fund to meet in full the contribution to General Revenues.	...	...	7,06,000	...
Appropriation to Reserve Fund.	3,79,30,973	2,70,07,000	...	1,61,58,000	Closing Balance.	9,79,09,373	12,15,06,400	9,72,03,373	11,33,61,373
TOTAL	9,79,09,373	12,15,06,400	9,79,09,373	11,33,61,373	TOTAL	9,79,09,373	12,15,06,400	9,79,09,373	11,33,61,373

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner.

NEW DELHI,
RAILWAY DEPARTMENT;
The 24th March 1927.

Explanatory Memorandum of the Railway Budget for 1927-28.

1. This memorandum is intended to explain the principal features of the revised estimate for 1926-27 and the budget estimate for 1927-28. The demands for grants for 1927-28 contain explanations for increased expenditure provided for.

2. The main budget, the subsidiary statements and the demands for grants have been prepared in the form accepted by the Standing Finance Committee for Railways in January 1925. The details of the estimate for each railway are given in the form of a self-contained book, which contains an explanatory memorandum dealing briefly with the more important features of the estimates. The main budget has this year been prepared in foolscap size in accordance with a desire expressed last year in the Legislative Assembly and the Council of State for exhibition of the figures in bolder type than it is possible to put them in an octavo volume.

3. The Standing Finance Committee for Railways elected by the last Assembly held meetings on the 14th and 15th June and the 13th August 1926. They approved, at these meetings, several proposals for the creation of additional appointments in the superior establishment, the construction of several new lines, the estimate for the provision of improved railway facilities at Cawnpore, the establishment of a separate audit and accounts office for the railway collieries, the permanent retention of the appointment of Director of Finance, Railway Board, and the policy to be adopted in the provision of quarters for railway staff. They also discussed the quinquennial programme of railways for rolling stock for 1927-28 to 1931-32.

The Committee recently elected by this Assembly held meetings on the 27th and 28th January and the 2nd and 4th February 1927, at which the estimates of receipts and expenditure for 1927-28 and the demands for grants were fully examined. The recommendations of the Committee are contained in the proceedings which are circulated to Hon'ble Members with the budget papers.

4. *Capital (Head of Account—"53—Construction of State Railways").*— The Railway programme for 1926-27, which was approved by the Legislative Assembly in February last, allowed for the distribution of 34·58 crores to the various railway administrations for capital expenditure, being the amount which Agents of Railways themselves considered that they would be able to spend during the year on approved works. The experience of recent years, however, suggested that the estimates of Agents would prove too optimistic, and the Railway Board accordingly provided for a probable saving of 12·58 crores, reducing the Agents' estimates to 22 crores. Adding 4 crores required for the purchase of the Delhi-Umballa-Kalka Railway the grant for the year was fixed at 26 crores. The latter figure, however, represented the estimated net addition to the capital at charge of railways, and, as provision was made for a reduction of 1·21 crores in the amount of capital locked up in stores balances, the total capital expenditure provided for works amounted to 27·21 crores.

5. The revised estimate of the net addition to railway capital is now put at 27 crores and with a reduction of capital locked up in stores balances by

1·69 crores, and a reduction in suspense transactions of 6 lakhs the estimated total expenditure on capital account on works amounts to 28·75 crores. Thus the anticipated expenditure for the year shows a marked advance over the expenditure of previous years (which was about 22 crores in 1923-24, 19 crores in 1924-25 and 21¼ crores in 1925-26). The results of the current year indicate an improvement in the capacity of railways to execute the approved programme which is in a large measure due to the steps taken by the Railway Board to attain greater accuracy in estimating for the programme of works and to accelerate the progress of expenditure on the approved programme.

6. It is entirely on open lines that capital expenditure has proceeded at a more rapid pace than was anticipated last February. On new lines the expected expenditure of the year is practically the same as the budget estimate. Progress on new lines has unfortunately been retarded by a variety of causes beyond the control of railway administrations, chief among which may be mentioned the late receipt of imported material and unforeseen delays in the acquisition of land. In addition the commencement of work has sometimes been held up by the necessity for deciding problems of some complexity before sanction could be given to the project. The Raipur-Parvatipur Railway is the principal sufferer, and against the provision of 125 lakhs for this line expenditure of only 24·66 lakhs is now anticipated in 1926-27. Much of the money allotted for the Myingyan-Natogyi-Paleik Railway and the Nachoul-Rampur Boalia-Natore Railway will also not be used in the current year. The former was only sanctioned quite recently, and the latter has not yet been sanctioned for construction, owing to the difficulty of deciding upon the gauge to be adopted for it. On the other hand, it has been possible to make greater progress than was expected with the Shahdara-Narowal Railway, the Hindubagh-Qilla Saifullah Railway and the Pegu-Kayan Railway and the expenditure on these lines is expected to exceed the budget provision by 10, 11 and 8 lakhs respectively.

7. The programme of operations for the current financial year provided for an expenditure of 8·50 crores, by appropriation from the Depreciation Fund, on replacement and renewals of wasting assets. It is anticipated that the expenditure will fall short of the amount of the provision by 50 lakhs.

8. The programme for the year 1927-28 for capital expenditure and for the consequent expenditure from the Depreciation Fund on replacement and renewals of wasting assets provides for the amounts which, it is anticipated, will be spent on works approved by the Railway Board and the Standing Finance Committee for Railways. The Agents anticipate that on these approved works they will be able to spend 39·77 crores on capital account and 11·95 crores on replacement account. While it is proposed to authorise them to spend up to this amount, the Railway Board consider that the estimates framed by Agents are still very optimistic and are of opinion that, as far as can be foreseen at present, no more than 25 crores of capital expenditure and 9 crores of replacement expenditure will be incurred.

9. The Agents' figure of 39·77 crores of capital expenditure is distributed as follows between open lines and new lines :—

	Crores of Rs.
Open Lines	24·77
New Lines	15·00
TOTAL	39·77

The distribution of the figure of 25 crores of capital expenditure adopted by the Railway Board is as follows :—

	Crores of Rs.
Open Lines	17·38
New Lines	7·62
Total	25·00

10. The distribution of the total capital allotment on State Railways worked by the State and by Companies, under England and India, in each of the three years from 1925-26 to 1927-28, is as follows :—

Items.	Actuals, 1925-26.	1926-27. Budget.	1926-27. Revised.	Budget, 1927-28.
England—				
Sterling payments £	7,475,246	14,518,900	9,250,000	12,000,700
Converted into rupees at 2s. to the rupee Rs.	7,47,52,461	14,51,89,000	9,25,00,000	12,00,07,000
Exchange . . Rs.	2,43,75,628	4,83,96,000	3,12,63,000	4,00,02,000
Total England Rs.	9,91,28,089	19,35,85,000	12,37,63,000	16,00,09,000
Probable savings . Rs.	...	4,26,72,000	...	4,66,76,000
Net . . . Rs.	9,91,28,089	15,09,13,000	12,37,63,000	11,33,33,000
India . . . Rs.	9,33,21,841	19,22,38,000	14,62,37,000	23,76,72,000
Probable savings . Rs.	...	8,31,51,000	...	10,10,05,000
Net . . . Rs.	9,33,21,841	10,90,87,000	14,62,37,000	13,66,67,000
Total England and India . . Rs.	19,24,49,930	26,00,00,000	27,00,00,000	25,00,00,000

11. The following table compares the allotments made for open lines and lines under construction in 1927-28 with the actual expenditure of 1925-26 and the estimated expenditure of the current year.

(Figures in thousands of rupees.)

Items.	Actuals, 1925-26.	Revised, 1926-27.	Budget, 1927-28.
1. Purchase of Delhi-Umballa-Kalka Railway . .	...	4,01,39	...
2. Purchase of shares of Branch Line Companies . .	...	20,86	...
3. Open Lines (including Rolling Stock) . Commercial .	14,95,24	15,78,75	24,10,48
3. Open Lines (including Rolling Stock) . Strategic . .	36,12	52,00	66,79
4. Lines under construction—			
(a) Started in previous years . Commercial .	3,93,14	4,63,82	9,14,81
(a) Started in previous years . Strategic .		22,00	9,50
(b) Started in current year . Commercial .		1,61,18	5,55,23
(b) Started in current year . Strategic .			20,00
Total .	19,24,50	27,00,00	39,76,81
Deduct—Probable savings .	...	...	14,76,81
Net Total .	19,24,50	27,00,00	25,00,00

12. The details of the budget grant for 1927-28 are shown below :—

(Figures in thousands of rupees.)

Railways.	Open lines.			Construction of	
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.
State Railways worked by the State—					
1. Eastern Bengal	56,91	1,05,47	1,62,38	...	...
Dacca Aricha	...	...	...	7,00	...
Baruipur-Lakshmikantapur	...	...	...	20,00	..
Faridpur-Charmaguria	...	...	...	30,00	...
Natore Rampur Boalia Nachoul	...	...	...	40,00	...
Santhia-Berhampur-Bhairamara	...	...	...	30,00	...
Dinajpur-Ruhea	...	...	...	21,00	...
Rajbari Kamarkhali Jessore	...	...	...	3,00	...
2. Jodhpur (British Section)	...	7,98	7,98	...	...
3. North Western (Commercial)	98,90	1,98,08	2,96,98	...	...
Kangra Valley	...	...	...	60,00	...
Shahdara Narowal	...	...	...	71	...
Amritsar Narowal	...	...	...	25,00	...
Jassor-Shakargarh Chak Amru	...	...	...	...	4,26
Rohtak Gohana Panipat	...	...	...	...	14,59
Lyallpur-Jaranwala	...	...	...	...	8,00
Chak-Jumra Chiniot	...	...	...	...	17,40
Rohtak-Bhiwani	...	...	...	...	15,00
Khushab-Chiniot	...	...	...	...	40,00
Sind Left Bank feeder	...	...	...	...	30,00
Pakpattan-Montgomery or Wasawewala Okara	...	...	...	...	10,00
Montgomery Tandlianwala or Channanwala-Wasawewala	...	...	...	...	5,00
Lyallpur-Tandlianwala	...	...	...	...	1,00
Jhang-Gojra Tandlianwala	...	...	...	...	10,00
Fazilka-Malout or Fazilka Kot-Kapura	...	...	...	...	1,00
Dodapur-Jacobabad	...	...	...	...	11,00

(Figures in thousands of rupees.)

Railways.	Open lines.			Construction of	
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.
State Railways worked by the State—*contd.*					
4. Strategic Lines (North Western Railway)	18,97	47,28	66,25	...	...
Hindubagh-Qilla Saifullah	...	...	...	2,00	...
Qilla Saifullah-Fort Sandeman	...	...	...	...	20,00
Khyber Railway	...	...	...	7,50	...
Strategic Lines (Aden)	61	—7	54	...	...
5. East Indian	80,81	3,42,27	4,23,08	...	...
Central India Coalfields	...	...	...	1,16,60	...
Paphund-Auriya	...	...	...	...	2,00
Chandrapura Gomoh	...	...	...	55	...
Calcutta Chord	...	...	...	64,00	...
Rishikesh Road Rishikesh	...	...	...	2,72	...
Kedla Colliery Branch	...	...	...	...	4,75
Rajghat Jehangirabad Bulandshahr Branch	...	...	...	...	5,00
Lucknow-Sultanpur	...	...	...	...	10,00
Unao-Madhoganj Branch	...	...	...	...	3,00
Sultanpur Jaunpur	...	...	...	...	5,00
Chandpur Chandok Branch	...	...	...	...	5,00
6. Great Indian Peninsula	1,13,07	4,14,47	5,27,54	...	...
Kartal Kamasin	...	...	...	...	15,75
Agra Bah	...	...	...	20,00	...
Dharawa Pusad	...	...	...	...	11,41
Thand Mahad	...	...	...	...	10,74
Nasik Belapur-Bodegaon	...	...	...	...	26,40
State Railway Collieries	...	13,35	13,35	...	...
Total State Railways worked by State	3,69,27	11,28,83	14,98,10	4,50,08	2,86,30
State Railways worked by Companies—					
7. Assam Bengal	13,72	24,63	38,35	...	...
Karimganj Longai	...	...	...	17,48	...
Sibsagar Road Khawang	...	...	...	3,40	...
Furkating Badulipara Jorhat	...	...	...	10,02	...

(Figures in thousands of rupees.)

Railways.	Open lines.			Construction of	
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.
State Railways worked by Companies—*contd.*					
Nowgong-Dhing	...	...	...	...	5,00
Hobiganj-Begamkhan Balla	...	...	...	...	7,00
Feni Belonia	...	...	...	...	4,00
Chittagong-Fatikchari	...	...	...	...	5,00
Netrakona Mohanganj	...	...	...	...	9,00
8. Bengal Nagpur	46,21	1,45,51	1,91,72	...	...
Barkakhana Chandil	...	...	...	13,00	...
Raipur Parvatipur	...	...	...	1,00,00	...
Tumsar Road Tirodi	...	...	...	15,66	...
Kedla Branch including sidings	...	...	...	4,00	...
9. Bengal and North Western (Tirhut)	2,11	5,38	7,49	...	...
Mashrak Tawe	...	...	...	...	2,00
Chakia Kurnowl	...	...	...	...	1,50
10. Bezwada Extension	...	2	2	...	...
11. Dhone (Dronachalam) Kurnool extension	...	...	...	7,84	...
12. Bombay, Baroda and Central India	33,40	2,44,00	2,77,40	...	...
Jambusar Kavi	...	...	...	2,21	...
Vasad Katana	...	...	...	15,09	...
Nadiad Kaira	...	...	...	...	5,01
Samni Dehej	...	...	...	5,00	...
Malad Karodi quarry siding	...	...	...	...	2,00
Boravi Vadtal	...	...	...	...	5,06
Kapadvanj Meghraj	...	...	...	...	6,00
13. Burma	41,06	54,65	95,71	...	...
Moulmein-Ye	...	...	...	2,00	...
Pyinmana Taungdwingyi	...	...	...	2,85	...
Alon Segyi Ye-U	...	...	...	61	...
Pegu Kayan	...	...	...	1,98	...
Bauktaw Mingaladon	...	...	...	8	...

(Figures in thousands of rupees.)

Railways.	Open lines.			Construction of	
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.
State Railways worked by Companies—*contd.*					
Heho Tayaw	...	...	...	6,50	...
Mandalay Madaya	...	...	...	2,00	...
Taungdwingyi-Kyaukpadaung	...	...	...	25,00	...
Taungdwingyi-Magwe	...	...	...	...	25,00
Myingyan Natogyi Paleik	...	...	...	25,00	...
Kayan Thongwa	...	...	...	3,00	...
Nyaunglebin Madauk	...	...	...	7,00	...
Ye Tavoy Sinbyubin	...	...	...	...	10,48
Minbu Pakkoku District	...	...	...	...	20,00
14. Madras and Southern Mahratta	49,92	1,33,56	1,83,48	...	...
Nidadavolu Narasapur	...	...	...	22,35	...
Cocanada Kotepalli	...	...	...	...	5,00
Gudivada Bhimavaram	...	...	...	12,90	...
Hotgi Sholapur	...	...	...	1,16	...
Kannivihalli Swamihalli	...	...	...	3,12	...
Guntur Gurzala Macherla	...	...	...	...	5,00
Hubli Saundatti Belgaum	...	...	...	...	8,00
Raibag Jamkhandi Bagalkot	...	...	...	...	4,72
15. Rohilkund and Kumaon (Lucknow-Bareilly Section).	...	...	...	...	...
Kashipur Kalagarh	...	...	...	...	5,00
16. South Indian	41,35	1,43,65	1,85,00	...	...
Shoranur Nilambur	...	...	...	48	...
Virudunagar Tenkasi	...	...	...	20,00	...
Mayavaram Tranquebar	...	...	...	12,50	...
Villupuram Trichinopoly	...	...	...	60,00	...
Dindigul Pollachi	...	...	...	28,57	...
Madura Bodinayakanur	...	...	...	31,83	...

(Figures in thousands of rupees.)

Railways.	Open lines.			Construction of	
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.
State Railways worked by Companies—*concld.*					
Vriddhachalam Cuddalore	...	...	...	11,60	...
Trichinopoly Karaikudi Manamadura Railway	...	...	...	...	89,16
Salem Attur Vriddhachalam	...	...	...	...	10,00
Pollachi Palghat	...	...	...	...	25,00
Bodinayakanur Gudalur	...	...	...	...	25,00
Theni Periyakulam	...	...	...	...	5,00
Total State Railways worked by Companies	2,27,77	7,51,40	9,79,17	4,74,23	2,88,93
Total State and Company worked Railways	5,97,04	18,80,23	24,77,27	9,24,31	5,75,23
				14,99,54	
			39,76,81		
Deduct—Probable savings			14,76,81		
Net			25,00,00		

13. The distribution of the allotment of 24·77 crores over the Open Line Capital Programme is as follows :—

	Crores of Rs.
1. Open line facilities	19·41
2. Rolling stock	5·97
3. Reduction in stores balances and fluctuations in suspense	—·61
	24·77

14. *Open line facilities.*—The following shows the distribution of the proposed gross allotment of 19·41 crores among the various classes of Open Line Works :—

	Crores of Rs.
(*a*) Doubling and Quadrupling	1·59
(*b*) Improvement of Rails and Sleepers	3·01
(*c*) Strengthening of Bridges	1·47
(*d*) Remodelling of Station Yards	2·87
(*e*) Staff Quarters	1·15
(*f*) Workshops and Stores and Station Buildings	1·53
(*g*) Plant and Machinery	·42
(*h*) Electrification of Lines and Stations	3·58
(*i*) Sidings, Diversions, Links, etc.	·81
(*j*) Miscellaneous Works	2·98
Total	19·41

15. (*a*) *Doubling and Quadrupling.*—The schemes for laying additional racks, for which provision has been made in the budget, fall under two heads : namely, those required in the neighbourhood of large cities for the improvement of suburban services and those designed to improve the capacity of main ines for carrying traffic in general.

Among the works falling under the former category particular mention may be made of the comprehensive programme of doubling and quadrupling included in the scheme of improvements in the Madras suburban area, for which as a whole a sum of 21 lakhs has been provided; and also of the quadrupling of the Bandra-Borivli and Bandra-Grant Road sections of the Bombay, Baroda and Central India Railway, work on which has now been practically completed.

The more important schemes of the latter category which deserve mention are the doubling of the Kyungon Myohla section of the Burma Railways and the Goilkera-Manharpur section of the Bengal Nagpur Railway for which provision has been made in the budget to the extent of 8 and 10 lakhs respectively.

(*b*) *Improvement of Rails and Sleepers, and* (*c*) *Strengthening of Bridges*.—The allotments under these heads are required for improving the standard of such sections of railways as are under existing conditions unsuited to meet the requirements of modern loads. For this purpose the programmes of track and bridge improvement on the various railways have been co-ordinated with each other; the policy which in general has been kept in view is to resort to strengthening where the condition of the road demands it, but at the same time the age of the track does not justify renewal.

The more important schemes on which expenditure is anticipated next ear are on the Great Indian Peninsula, East Indian, North Western, and Bombay, Baroda and Central India Railways. Particular mention may be made of the relaying work of the Khandwa-Itarsi-Jubbulpore-Allahabad section of the Great Indian Peninsula Railway for which a total provision of 29·83 lakhs has been made; also of the regirdering of the Lower Sone and Allahabad Jumna bridges, and the renewing of the Dufferin Bridge at Kashi, on the East Indian Railway, on which it is proposed to spend 21·96, 12·67 and 13, lakhs, respectively, during the next year.

(*d*) *Remodelling of Station Yards.*—The present-day policy of railway operation places the improvement of station yards at the forefront of the programme of railway betterment. For a systematic improvement of yards secures acceleration of goods traffic and a quicker turn-round of wagons and locomotives, with the result that less money is needed for the provision of these classes of stock and a better service is given to the public at a lower cost.

The following are the more important schemes for remodelling station yards and the amounts proposed to be spent thereon during the next year :—

	Lakhs.
Belghurriah (Eastern Bengal Railway)	12·00
Bhore Ghat (Great Indian Peninsula Railway)	15·00
Botataung (Burma Railways)	5·00
Cawnpore (East Indian Railway)	3·00
Erode (South Indian Railway)	2·00
Guntakal (Madras and Southern Mahratta Railway)	5·30
Kalka (North Western Railway)	4·00
Lucknow (East Indian Railway)	4·30
Miraj (Madras and Southern Mahratta Railway)	6·30
Trichinopoly (South Indian Railway)	9·23
Victoria Terminus (Great Indian Peninsula Railway)	20·00

A brief description of two of the more important of these schemes, those for the remodelling of Victoria Terminus and the elimination of the reversing station at Bhore Ghat, was given in the explanatory memorandum on last year's budget.

Another important project is that for the improvement of railway facilities at Cawnpore, the execution of which at an estimated cost of 77 lakhs was approved by the Standing Finance Committee for Railways in August last, *vide* item No. 7 in Volume III, No. 2, of the Proceedings of the Committee. The existing arrangements for working the traffic of the various railways entering into Cawnpore have for some time past been found to be inadequate, and to lead to delay and inconvenience with much overlapping and duplication of work. A careful examination of the whole position was, therefore, undertaken, as a result of which a comprehensive scheme has been decided upon, involving the remodelling of the various station yards at Cawnpore and the construction of a central passenger station on the site of the (old) Oudh and Rohilkhand Railway station and goods sheds and yards. It is hoped that the scheme will lead to better centralised arrangements for broad gauge goods working, more convenient transhipment between the broad gauge and metre gauge and a better concentration of broad gauge and metre gauge engine sheds. The savings we expect to obtain from smaller detentions to stock, the employment of a smaller number of shunting engines, and lower establishment charges, should yield a return of about 8 per cent. on the estimated cost of the works.

(*e*) *Staff Quarters.*—While the growth of traffic in recent years has led to a considerable increase in staff, the provision of suitable quarters has, owing to a variety of reasons, fallen considerably into arrears. In consequence the Railway Board have had recently to deal with an increasing number of important and comprehensive housing projects on the various railways, and these brought into prominence the urgency of laying down a definite policy in the matter of the provision of quarters and the basis on which rents are to be

recovered therefor. The whole question was discussed with the Standing Finance Committee for Railways in June last and with its approval certain definite principles have now been laid down, *vide* item No. 10 in Volume III, No. 1 of the Proceedings of the Committee. Under these principles quarters are to be provided by railways only where conditions are such that private enterprise does not adequately meet the demand for housing the staff or where it is necessary for special reasons to provide quarters for certain classes of staff near to their work; the quarters are to be divided into separate classes for the purpose of assessment of rent according to the various classes of establishments for which they are intended; and the rent is to be so assessed that the total rents for all the quarters of each class taken together will yield a return of not less than 4 per cent. on the total capital spent excluding the cost of land. At the same time the rent charged to each individual will not exceed 10 per cent. of his emoluments. It is proposed to adopt these principles as a general policy to be aimed at by all railways and as a definite policy for State-managed railways.

The amounts which have been included in the budget for the provision of staff quarters on individual railways are summarised in the following table :—

(Figures in thousands of rupees.)

Railways.	Officers' quarters.		Other quarters.	
	Provision to complete bungalows under construction.	Provision for new bungalows.	Provision to complete quarters under construction.	Provision for new quarters.
Assam Bengal	...	...	1,09	6,04
Bengal Nagpur	...	...	2,00	...
Bombay, Baroda and Central India	...	...	94	8,87
Burma	...	...	7,30	...
Eastern Bengal	...	...	...	7,20
East Indian	27	1,86	12,54	15,37
Madras and Southern Mahratta	85	...	16,50	...
North Western	...	1,00	2,48	5,24
Great Indian Peninsula	...	73	4,51	17,29
South Indian	2,11	...	66	...
Total	3,23	3,59	48,02	60,01

(f) Workshops and Stores and Station Buildings, and (g) Plant and Machinery.—

The whole question of the capacity of the workshops of the State Railways and the possibility of their reorganisation and improvement on co-ordinated lines was investigated during last cold weather by the State Railway Workshops Committee, an expert committee presided over by Sir Vincent Raven, formerly Chief Mechanical Engineer, North Eastern Railway, England. The results of this investigation have indicated the imperative necessity, at any rate for some time to come, for heavy expenditure on the remodelling and improvement of State Railway workshops in general; this was explained at length in the explanatory memorandum of the budget for 1925-26 and reiterated in last year's memorandum. The recommendations of the Committee as to the lines on which the reorganisation and improvement of the workshops should proceed have been examined and, in the main, accepted by the Railway Board. These recomendations, with the Railway Board's views, thereon, have recently been communicated to the Railway Administrations concerned and a special officer has also been appointed to see that effect is given to them as early as possible.

The important schemes of workshop construction and remodelling, provision for which is included in the programme for the ensuing year, are tabulated below. The explanatory memoranda on the last two years' budgets contained a brief description of all these projects :—

(Figures in thousands of rupees.)

—	Estimated capital expenditure.	Amount likely to be spent to end of 1926-27.	Provision for 1927-28.
Kanchrapara—Remodelling of locomotive shops and machinery (Eastern Bengal Railway)	39,58	14,96	28,11
Dohad—New locomotive shops (Bombay, Baroda and Central India Railway)	1,42,48	54,44	50,00
Perambur—Remodelling of shops (Madras and Southern Mahratta Railway)	2,18,21	80,40	41,63
Charbagh—Extension to locomotive shops (East Indian Railway)	52,92	24,55	18,47
Trichinopoly—New Workshops (South Indian Railway)	3,16,51	2,64,27	32,79

(h) Electrification of Lines and Stations.—As stated in the explanatory memorandum on last year's budget, schemes have been under consideration for some time past for the electrification of the suburban lines in

and around the presidency towns of Bombay, Calcutta and Madras with a view to securing acceleration of suburban passenger traffic and thereby affording relief to congestion in the towns on the one hand and on the railway lines in their neighbourhood on the other. So far, however, the Bombay scheme is the only one which has been taken in hand; the other schemes are still under investigation.

The project now in hand for the electrification of the railway services in the Bombay area comprises on the Great Indian Peninsula Railway the electrification of the main and suburban lines to Kalyan and of the main lines to Igatpuri and Poona and on the B., B. & C. I. Railway the electrification of the suburban lines between Church Gate and Borivli and of the main lines between Grant Road and Bandra. The work on the G. I. P. Railway suburban electrification scheme has reached an advanced stage and electrified services have already been opened between Victoria Terminus and Kurla and Thana *viâ* the Harbour Branch and between Victoria Terminus and Bandra. These services have become highly popular and promise to be entirely successful. Provision has been made for a maximum of seven trains per hour between Victoria Terminus and Kurla and five trains per hour between Victoria Terminus and Bandra.

With a view to inaugurating electrified services on the whole of these sections as early as possible the work on the uncompleted portion of the schemes is being vigorously pushed forward. From the opening of these electrified services not only will Bombay derive a great benefit in that a better distribution of its vast population will be secured, but on the railways' side also a considerable reduction in the operating expenses will be effected as a result of the introduction of this more economical form of traction.

The estimated capital cost of all these schemes and the amounts provided therefor in the next year's budget are indicated below :—

(Figures in thousands of rupees.)

—	Estimated capital cost.	Approximate expenditure to end of 1926-27.	Provision for 1927-28.
Great Indian Peninsula Railway—			
(i) Main line from Bombay to Igatpuri and Poona	5,52,84	25,00	1,00,00
(ii) Power House at Kalyan	97,40	7,40	40,00
(iii) Suburban lines	2,71,64	2,13,92	52,61
Bombay, Baroda and Central India Railway—			
(i) Local tracks between Church Gate and Borivli	1,27,00	67,61	47,00
(ii) Through line between Grant Road and Mahim	4,21	...	4,21
(iii) Extension of Electrification to Virar	35,00	...	20,00

(*i*) *and* (*j*) *Sidings, Diversions and Miscellaneous Works.*—The allotments under these heads consist of the expenditure proposed on watering arrangements, overbridges, acquisition and improvement of collieries, telegraph lines, train control, lengthening and isolation of loops, etc.

The following are among the more important works for which provision has been made in the budget :—

	Lakhs of Rs.
Water supply scheme at Bhusawal (Great Indian Peninsula Railway)	6·98
Mahalakshmi overbridge (Bombay, Baroda and Central India Railway)	8·82
Talchir Colliery (Bengal Nagpur Railway)	8
Kedla Colliery (Bengal Nagpur and East Indian Railways)	7

16. *Amenities for 3rd class passengers.*—The question of providing amenities for lower class pasengers with a view to improving the conditions of their travel is one which has for the last few years been receiving unremitting attention on the part of the Railway Board and Railway Administrations.

In general, since the lower class passengers share the facilities provided when general improvements such as remodelling of station yards, electrification of station yards, electrification of stations and improvement of train services are undertaken, an appreciable proportion of the amounts provided for expenditure on such works falls under this head. Quite apart from and in addition to this, provision has been made in the budget for 1927-28 to the extent of 219·58 lakhs for amenities which are specially intended for lower class passengers. The details of this provision are summarised below :—

	Lakhs.
1. Arrangements for water supply to passengers	7·11
2. Waiting sheds, waiting rooms and waiting halls	15·55
3. Indian refreshment rooms	3·83
4. Booking facilities	5·20
5. Latrines and sanitary arrangements	2·76
6. Raised platforms	8·21
7. Additions and betterments to lower class carriages	176·92
Total	219·58

17. *Rolling Stock.*—The approved programmes of Railway Administrations contemplate the following expenditure on account of rolling stock during 1927-28 : —

	Rs.
(*a*) Capital expenditure—	
(i) for additional stock	249·99
(ii) for additional electric stock	37·28
(iii) for improvements to existing stock	309·77
Total Capital	597·04
(*b*) Expenditure chargeable to the Depreciation Fund for renewals of worn out stock	232·29
Total Expenditure	829·33

Specific allotments set apart for various items are shown below.

[Figures in thousands of rupees.

	Broad Gauge.				Metre Gauge.				Narrow Gauge.				Grand Total Capital.	Grand Total Depreciation Fund.
	Additions Cap.	Renewals.		Total Cap.	Additions Cap.	Renewals.		Total Cap.	Additions Cap.	Renewals.		Total Capital.		
		Cap.	Depreciation Fund.			Cap.	Depreciation Fund.			Cap.	Depreciation Fund.			
I.—Locomotives—														
(a) Engines and tenders.	14,76	50,30	29,21	65,06	28,23	24,73	26,46	52,98	...	6,08	2,94	6,08	1,24,10	58,61
(b) Boilers . . .	6,52	2,04	9,20	8,56	86	1,77	4,79	2,63	...	...	14	...	11,19	14,13
(c) Electric headlights to locomotives . .	...	5,39	3	5,39	...	1,77	3	1,77	...	...	...	...	7,16	6
(d) Superheating of locomotives	...	33,69	34,63	33,69	...	3,31	99	3,31	...	...	...	...	37,00	35,62
II.—Coaching stock—														
(a) I and II class . .	21,45	5,34	4,84	26,79	5,19	1,77	2,28	6,96	18	6	5	24	33,99	7,17
(b) Inter and III class .	47,45	31,86	31,20	79,31	25,03	5,16	10,92	33,19	28	25	48	53	1,13,03	42,60
(c) Miscellaneous . .	46,60	31,47	14,76	78,07	3,62	3,12	3,83	6,74	62	...	...	62	85,43	18,59
(d) Conversions from gas to electric . . .	...	25,03	1,41	25,03	...	11,31	80	11,31	...	...	..	...	36,34	2,21
III.—Goods stock—														
(a) General service .	...	...	...	...	24,95	6,63	15,23	31,58	2,26	48	17	2,74	34,32	18,40
(b) Miscellaneous . .	11,45	45,70	26,94	57,15	8,68	9,26	7,88	17,95	1,86	23	8	2,09	77,16	34,90
IV.—Additional electric stock .	...	...	...	...	...	...	...	...	...	...	...	...	37,28	...
Total .	1,48,23	2,30,82	1,52,22	3,79,05	96,56	71,85	76,21	1,68,41	5,20	7,10	3,86	12,30	5,97,04	2,32,29

The programme authorised by the Railway Board at the time of the preparation of the budget for 1927-28 provides for the construction of new units of stock shown in the table below, all of which, however, will not necessarily be completed and be available for use before the 31st March 1928 :—

	Broad Gauge.			Metre Gauge.			Narrow Gauge.		
	Additions No.	Renewals No.	Total No.	Additions No.	Renewals No.	Total No.	Additions No.	Renewals No.	Total No.
1. Locomotive engines	5	20	25	32	47	79	...	6	6
2. Coaching vehicles (in terms of four-wheelers)—									
(a) I and II class	52	30	82	32	26	58	...	2	2
(b) Inter and III class	278	340	618	274	206	4,80	...	18	18
3. Goods wagons (in terms of four-wheelers)	....	...	....	796	533	1,329	80	14	94

NOTE.—The figures in this paragraph are exclusive of III class composite coaches to be built with luggage, brakes, postal compartments, etc. The figures for goods stock are those intended to be utilised for the carriage of goods for the general public and exclude all special types of goods stock, such as oil tanks, rail and timber trucks, sheep vans, ballast wagons, etc.

The following statement shows for the broad, metre and narrow gauge lines the details of the new units of coaching and goods stock in terms of four-wheeler units included in the programme for 1927-28 which will be constructed as additions to the authorised stock of the railways :—

Railways.	I & II class coaching vehicles.		Inter & III class coaching vehicles.		Goods wagons.	
	Broad Gauge.	Metre Gauge.	Broad Gauge.	Metre Gauge.	Metre Gauge.	Narrow Gauge.
North Western	14	...	194	...	...	...
East Indian	...	...	...	...	...	...
Eastern Bengal	6	...	18	...	...	...
Great Indian Peninsula	8	...	44	...	...	...
Bengal Nagpur	16	...	16	...	...	80
Burma	...	16	...	164	200	...
Bombay, Baroda and Central India	8	16	...	74	...	...
South Indian	....	...	...	30	596	...
Madras and Southern Mahratta	...	...	6	6	...	...
Assam Bengal	...	...	...	...	...	...
Bengal and North Western	...	...	...	...	...	...
Rohilkund and Kumaon	...	...	...	...	...	...
Total	52	32	278	274	796	80

New Lines.

18. A complete list of new lines, whether under construction or expected to be commenced during the year 1927-28, is given in the demand for grants for new construction and strategic lines. The total mileage of the new lines detailed in the demand for grants excluding the mileage to be opened this year amounts to 4,640 miles. The additions to the several main systems are shown below :—

New Lines.

Railway System.	Lines in progress.	Lines the construction of which has been sanctioned but not yet commenced.	Unsanctioned lines.	Total.
	Miles.	Miles.	Miles.	Miles.
Assam Bengal	128	17	93	238
Bengal Nagpur	269	...	...	269
Bengal and North-Western	...	...	56	56
Bombay, Baroda and Central India	45	...	96	141
Burma	282	...	544	826
Eastern Bengal	66	...	326	392
East Indian	159	17	270	446
Great Indian Peninsula	45	...	346	391
Madras and Southern Mahratta	100	80	195	375
Nizam's Guaranteed State	5	...	...	5
North Western	324	30	452	806
Rohilkund and Kumaon	...	...	30	30
South Indian	390	...	275	665
	1,813	144	2,683	4,640

19. A map showing surveys and new lines proposed to be undertaken in 1927-28 is appended to this memorandum.

It is expected that 338 miles of railway will be opened in the current financial year and about 914 miles in 1927-28. The details are as follows :—

Opened and to be opened in 1926-27.

Name of Project.	Number of miles.
B. N. Railway—	
Barkakhana (Hesla) Chandil	76
Talcher Coalfields	63
Burma Railways—	
Segyi-Ye-U	23
Pegu-Kayan	37
Mandalay-Madaya	17
E. B. Railway—	
Krishnagar-Nabadwipghat	9
E. I. Railway—	
Chandrapura Gomoh	10
Rishikesh Road Rishikesh	8
M. and S. M. Railway—	
Hotgi-Sholapur Railway	10
N. W. Railway—	
Shahdara-Narowal	49
S. I. Railway—	
Mayavaram Tranquebar	18
Shoranur Nilambur (Shoranur Angadipuram section)	18
Total	338

To be opened in 1927-28.

Name of Project.	Number of miles.
A. B. Railway—	
Sibsagar Road-Khawang	39
Furkating-Badulipara	42

To be opened in 1927-28—*contd.*

Name of Project.	Number of miles.
Burma—	
Kayan Thongwa	11
Heho Tayaw	9
E. B. Railway—	
Dinajpur-Ruhea	48
Baruipur-Lakshmikantapur	23
E. I. Railway—	
Daltonganj-Barwadih	17
Annupur-Karimati	40
G. I. P. Railway—	
Agra-Bah	45
M. and S. M. Railway—	
Nidadavolu-Narsapur	47
Gudivada-Bhimavaram	41
Hotgi-Sholapur	10
Kannivihalli-Swamihalli Extension	12
N. G. S. Railway—	
Dhone Kurnool Extension	5
N. W. Railway—	
Amritsar-Narowal (Verka-Dera-Baba Nanak Section)	28
Chak Jhumra-Chiniot	20
Jassar-Shakargarh-Chak Amru	26
Lyallpur-Jaranwala	21
Chiniot-Khushab (Sargoda-Shahpur Section)	20
Rohtak-Gohana Panipat	45
Kangra Valley (Pathankot-Gulier Section)	45
Zhob Valley (Hindubagh-Qilla Saifullah Section)	38
S. I. Railway—	
Shoranur-Nilambur	41
Virudunagar-Tenkasi	75
Dindigul-Pollachi	75
Madura-Bodinayakanur	56
Cuddalore-Vriddhachalam	35
Total	914

20. Since the last budget was presented to the Assembly proposals for the construction of the following railways were placed before, and accepted by, the Standing Finance Committee for Railways :—

Name of Project.	Capital cost (including interest on Capital during construction).	Return expected.	Reference to Proceedings of Standing Finance Committee for Railways.
	Rs. (lakhs).		
Samni Dehej Railway	11·28	8·9 per cent.	Item No. 5 in Volume III, No. 1.
Vriddhachalam Cuddalore Railway.	40·00	Detailed estimates are not yet ready, but the project is not expected to be remunerative and has been undertaken on the guarantee of the District Board of South Arcot.	Item No. 3 in Volume III, No. 2.
Lyallpur Jaranwala Railway.	14·05	5·48 per cent.	Item No. 4 in Volume III, No. 2.
Rohtak Gohana-Panipat Railway.	28·00	6·33 per cent.	Item No. 8 in Volume III, No. 2.
Jassar Shahargarh Chak Amru Railway.	14·97	6 per cent.	Item No. 9 in Volume III, No. 2.

21. In the interval between the close of the last Autumn session of the Assembly and the election by this Assembly of the members of the Standing Finance Committee for Railways, the construction of the following new lines was sanctioned by the Government of India. It was necessary to accord sanction urgently in order to gain a full working season :—

Nyaunglebin-Madauk Railway,
Myingyan-Natogyi Paleik Railway,
Dhone-Kurnool Railway Extension,
Khushab Chak Jumra (Sangla Hill) Railway,
Cocanada-Kotepalli Railway,
Guntur-Gurzala-Macherla Railway,
Baruipur-Lashmikantapur Railway.

The Nyaunglebin-Madauk Railway.—Is a small branch, about 13 miles in length, taking off the main line of the Burma Railways at mile 90. It has been strongly recommended for construction by the Government of Burma from time to time for the last 20 years and is designed to serve the town of Schwegyin which contains a rocking pagoda that attracts many pilgrims every year. The country traversed is noted for its rubber cultivation, and although on a capital cost, including interest during construction, of 11·42 lakhs, a return of only 3·75 per cent. is expected immediately, it is anticipated that traffic will soon develop to an extent that will make the line a remunerative proposition.

The Mingyan-Natogyi Paleik Railway.—Will serve to open up an area full of possibilities both in regard to passenger traffic and in regard to goods traffic in cotton and dry grains, the production and export of which the new line is expected to stimulate very considerably. It will be about 72 miles in length and it is expected to yield a return of 5·5 per cent. on its estimated capital cost of 67·43 lakhs, including interest during construction.

The Dhone (Dronachalam)-Kurnool Extension.—Is an extension of the Dhone-Kurnool Railway up to the British Frontier adjoining the Hyderabad State. The following are among the terms agreed upon between the Government of India and His Exalted Highness the Nizam's Government and the Railway Administrations concerned, with regard to this line :—

(i) The Government of India to build or allow the Nizam's Guaranteed State Railways Company to build at the cost of the Government of India the extension of the Dhone-Kurnool Railway up to the British Frontier, and then make over the existing Dhone-Kurnool Railway and the extension to the Nizam's Guaranteed State Railways Company to be worked as part of the Secunderabad-Gadwal Railway.

(ii) The Nizam's Guaranteed State Railways Company to charge the Government of India 50 per cent. of the gross earnings of the British section (*i.e.*, the Dhone-Kurnool Railway and the new extension) which will include 5 per cent. for the use of rolling stock and also include the *ordinary* maintenance of the permanent-way, provided that this charge shall be increased from 50 per cent. to 55 per cent. in any year in which the gross earnings of the British section exceed Rs. 3,19,000.

It was considered desirable that the extension should, under present conditions, be financed entirely from funds provided by the Government of India. The extension will be 4·89 miles in length and it is estimated to cost Rs. 13,14,214, the high figure of cost being mainly due to the necessity for bridging two large rivers in this short length. The gross earnings of the Dhone-Kurnool Railway and its extension have been estimated at the conservative figure of 2·50 lakhs (as against the 2·88 to 3·20 lakhs assumed by the Nizam's Guaranteed Railway Administration) and on this figure and allowing for working expenses at 50 per cent. of gross earnings and a further 1 per cent. on capital outlay to provide for renewals of permanent-way, the return works out to about 4·34 per cent. on a total outlay on the whole section of 23·40 lakhs. This return is actually less than the average return during the last 5 years of 5·90 per cent. earned by the Dhone-Kurnool Railway on its capital outlay of 10·25 lakhs. The Railway Board are, however, satisfied that the advantages to be secured from through communication on the metre gauge in this area will ultimately outweigh the slight loss in earnings as at present estimated.

The Khushab Chak Jumra (Sangla Hill) Railway.—Is a revised alternative proposal to a chord line from Khushab to Sangla Hill, which was surveyed in 1915-16 and for the construction of which there has been an insistent demand both from the Local Government and the inhabitants of the area to be traversed. It is an important chord connection which will serve the flourishing towns of Chiniot in the Jhang District, and Shahpur now without rail connection of any kind, and will traverse a rich agricultural area now under perennial irrigation. It will also provide a shorter

alternative route to Waziristan to the relief of the main line between Lahore and Lala Musa, thus deferring the necessity of doubling this section, and reducing the expenditure now being incurred on the carriage of military stores and personnel.

The line will involve the construction of two large bridges over the Chenab and the Jhelum rivers, which, when provided with roadways, as is the intention, will prove important works of considerable utility in an area which is rapidly developing and which stands in great need of additional inter-communication roads—an undoubted aid to the development of railway traffic.

The line will be about 80 miles in length and its estimated capital cost including interest during construction is put at 128·8 lakhs and the estimated return on this amounts to nearly 6 per cent. Sanction to the commencement of construction on the section between Chak Jumra and Chiniot, about 20 miles in length, has been accorded, and it is expected that sanction to the remaining portion will issue in the near future as soon as the question of financing the cost of roadways over the two large bridges has been settled with the Local Government.

Cocanada-Kotepalli Railway.—Is a broad gauge extension, about 27 miles in length, of the Samlakot-Cocanada branch of the Madras and Southern Mahratta Railway and runs throughout its length in the Godaveri District of the Madras Presidency, the opening up of which by railway communication has been advocated by the Godaveri District Board since 1916.

The country traversed by the projected line is densely populated and very fertile.

The financial aspect of the project is as follows :—

	Rs. lakhs.	
Capital cost including interest during construction	39·77	
Gross earnings including interchange traffic	5·27	
Working expenses including hire of rolling stock	3·19	
Net earnings	3·08	
Return on capital cost	5·23	per cent.

It is considered that the estimate of gross earnings as stated above is what may be expected almost immediately after opening the line for traffic. In view of the nature of the country traversed and the location of the line it is expected that the yield on capital cost within 5 years of opening the line will increase to more than 6 per cent.

The line will be worked as an integral part of the Madras and Southern Mahratta Railway undertaking, except that the capital expenditure of the line will be treated as carrying interest at 5½ per cent. per annum instead of as profit sharing capital.

Guntur-Gurzala-Macherla Railway.—This project first came under consideration on a representation from the District Board of Guntur in 1913, and at that time did not appear to be a remunerative proposition. The latest project estimate indicates the financial aspects of this metre gauge line, about 80½ miles in length, as follows :—

	Rs.	
Capital cost including interest during construction	51·20	lakhs.
Gross earnings including interchange traffic	6·80	„
Working expenses including hire of rolling stock	4·11	„
Net earnings	2·69	„
Return on capital cost	5·25	per cent.

For the first forty miles the line runs through open and well cultivated country, after which low hills and scrub jungle are encountered. The line will open up the country lying between the main line to Guntakal and the Kistna river, and, besides catering for the agricultural interests of the area traversed, will serve to alleviate the effects of the famines that periodically occur in the Taluks of Sattenapalle and Palnad.

The line has been recommended for construction by both the Madras Government and the Agent, Madras and Southern Mahratta Railway, and sanction has recently been accorded to this being undertaken by the Madras and Southern Mahratta Railway on terms similar to those for the Cocanada-Kotepalli Railway.

Baruipur-Lakshmikantapur Railway.—The construction of a railway line from Dhamuah to Lakshmikantapur was sanctioned by the Railway Board in January 1926 with the approval of the Standing Finance Committee for Railways. The Local Advisory Committee was, however, of opinion that Baruipur would be a more suitable point for a junction station with the main line than Dhamuah. A re-investigation of the project was, therefore, undertaken by the Eastern Bengal Railway Administration, the results of which indicated that the alternative alignment from Baruipur would be more suitable from the point of view of the traffic requirements of the area. Accordingly the Railway Board have recently sanctioned the construction of the Baruipur-Lakshmikantapur Railway in supersession of their sanction to the Dhamuah-Lakshmikantapur railway line.

The line from Baruipur to Lakshmikantapur will be about 23 miles in length. It is estimated to cost 37·38 lakhs and as regards its financial prospects the Railway Board are of opinion that the alignment from Baruipur will not be less remunerative than the one from Dhamuah.

22. Appendix I to this memorandum contains particulars of the more important projects which have not yet been sanctioned. Information regarding the less important projects is contained in the individual Budget Books for each Railway.

Revenue Receipts and Charges—Commercial Lines.

23. The following table compares the estimated results of the working of commercial lines in the current and the next financial year.

(Figures in lakhs of rupees.)

—	Actuals, 1925-26.	Budget, 1926-27.	Revised, 1926-27.	Budget, 1927-28.
Gross traffic receipts	98,00	1,01,36	97,31	99,24
Interest on balances of Depreciation and Reserve funds	54	82	61	75
Dividend on investment in branch lines	1	...	4	5
Government share of profits, etc., from Subsidised Companies	35	34	31	30
Miscellaneous receipts	6	6	4	6
Total Receipts	98,96	1,02,58	98,31	1,00,40

(Figures in lakhs of rupees.)

—	Actuals, 1925-26.	Budget, 1926-27.	Revised, 1926-27.	Budget, 1927-28.
Working expenses	62,62	65,19	63,48	63,56
Surplus profits paid to Indian States and Railway Companies	1,78	1,51	1,61	1,41
Interest charges	23,50	24,67	24,70	25,95
Miscellaneous charges	30	76	77	55
Total Charges	88,20	92,13	90,56	91,47
Gain from commercial lines	10,76	10,45	7,75	8,93

These figures will show that the revised estimate for receipts for the current year is 427 lakhs less than the budget figure, the total charges are at the same time 157 lakhs less and that the net result is expected to be 270 lakhs worse than the budget estimate. In the budget year an increase of 209 lakhs is anticipated in the receipts, while expenditure is expected to go up by 91 lakhs and the gain is expected to be 118 lakhs more than in the current year. Explanations are given under each head below for the variations in the figures.

Gross Traffic Receipts—Commercial Lines.

24. The following statement compares the estimated receipts for the current and next year with the budget for the current year and the actual receipts for the year 1925-26 :—

(Figures in lakhs of rupees.)

—	Actuals, 1925-26.	Budget, 1926-27.	Revised, 1926-27.	Budget, 1927-28.
Passenger earnings	35,99	36,79	35,42	35,84
Other coaching traffic	5,94	5,93	5,85	6,03
Total	41,93	42,72	41,27	41,87
Goods earnings	60,75	62,56	60,14	61,65
Other earnings	2,44	2,58	2,42	2,49
Total	1,05,12	1,07,86	1,03,83	1,06,01
Deduct—Worked lines	7,12	6,47	6,52	6,77
Suspense	...	—3	...	...
Net Total	98,00	1,01,36	97,31	99,24

25. The budget estimate of gross traffic receipts for the current year was placed at Rs. 101·36 crores. As explained in the explanatory memorandum last year the estimate involved an increase of nearly Rs. 250 lakhs over the revised estimate for the previous year and was framed on the assumption of good trade conditions and favourable monsoons and took into account the earnings of the Delhi-Umballa-Kalka Railway. While the revised estimate for the year 1925-26 proved Rs. 86 lakhs too high the latest estimate of the current year's receipts is that it will be Rs. 4·05 crores below expectations.

26. This decrease occurs under every one of the main divisions into which the receipts are divided. The principal decreases are as follows:—

Passenger earnings	1·37 crores.
Goods earnings	2·42 ,,

As regards passenger traffic earnings a considerable portion of the decrease is accounted for by the reduction in fares introduced on many railways.

27. The very serious decrease in the earnings from goods traffic is a result of a number of untoward circumstances. The unprecedented floods in Burma and parts of India have seriously dislocated traffic. The late movement of cotton in Bombay and elsewhere and the partial failure of the cotton crop in the Punjab have also affected railway earnings to a great extent. The groundnut crop on the east coast has moreover been partly a failure owing to inadequate rain. It is practically only the jute crop that has exceeded expectations.

28. The budget estimate for 1927-28 is placed at Rs. 99·24 crores, or Rs. 1·98 crores higher than our latest estimate for the current year. It has been framed after taking into account the probable earnings from new lines to be opened during 1927-28 and those already opened during the current year. The effect of the recent reduction of fares on certain railways has also been taken into account in the estimate. In other respects it is hoped that the year 1927-28 will be free from such abnormal adverse factors as resulted in the large decrease this year and that the course of traffic will follow more normal lines.

Commercial Lines.

29. *Working Expenses.*—The following statement compares the estimated expenditure for the current and the next years with the budget for the current year and the actual expenditure for the year 1925-26:—

(Figures in lakhs of rupees.)

—	Actuals, 1925-26.	Budget, 1926-27.	Revised, 1926-27.	Budget, 1927-28.
Administration	12,77	13,10	12,90	12,80
Repairs and Maintenance . .	16,79	18,24	18,06	18,16
Operation	26,73	26.65	25,20	24.99
Depreciation	10,32	10 64	10,65	11,08
Refunds of Revenue	...	30	32	32
Suspense	—10	—17	...	...
Total .	66,51	68,76	67,13	67,35
Deduct—Worked lines	3,89	3,57	3 65	3,79
Net Working Expenses	62,62	65,19	63,48	63,56

Working Expenses—Administration.

30. The revised estimate for the current financial year is expected to fall short of the budget estimate by Rs. 20 lakhs. The principal reduction is in the estimate of the Traffic Department. This is due partly to an overestimate of the requirements of that Department and partly to general economies effected during the year. Small reductions have been secured under other heads as a result of efforts towards more economical working. The budget estimate for next year has been fixed at Rs. 10 lakhs less than the revised estimate of the current year. The Explanatory Note to Demand No. 4—Working Expenses explains the reasons for the figure adopted as the budget estimate.

Repairs and Maintenance.

31. *Revised Estimate, 1926-27.* The total under this head shows a reduction of Rs. 18 lakhs below the budget, which is partly due to larger credits to revenue on account of released materials. The estimate allows for increased expenditure on account of flood damages on the Burma Railways and elsewhere.

Budget Estimate, 1927-28.—The budget estimate is Rs. 10 lakhs higher than the revised estimate for the current year. The increase is mainly due to a larger amount being required for repairs to rolling stock and is fully explained in the Explanatory Note on Demand No. 5.

Operation.

32. *Revised Estimate, 1926-27.*—The total expenditure under this head is expected to be less than the budget by Rs. 1,45 lakhs. The decrease is made up of a saving of Rs. 81 lakhs under operation other than fuel and Rs. 64 lakhs under fuel. The latter is due mainly to the lower prices of coal but partly also to a reduction in the quantity required as a result of measures taken to effect economy in consumption, and of the decrease in the volume of traffic which has been reflected in the reduction in earnings. Of the savings under operation other than fuel, the most noteworthy feature is the large saving under compensation for goods lost or damaged where the actual expenditure for the year is expected to be about Rs. 19 lakhs against nearly Rs. 40 lakhs provided in the budget.

Budget Estimate, 1927-28.—The total charges under operation show a small decrease of 21 lakhs as compared with the current year's estimate. This is due to the fact that the total expenditure on fuel, including both the cost thereof and incidental charges such as freight and handling, shows a considerable decrease as compared with this year's figures. This decrease, which amounts to Rs. 38 lakhs, is accounted for mostly by a further reduction in the prices at which coal could be purchased. As regards the charges under operation other than fuel there is a total increase of Rs. 17 lakhs. This is the natural result of the opening of new lines and the general increase in traffic expected during the year.

33. *Strategic Lines.*—The table below compares the results of the working of the strategic lines in the current and the next year :—

(Figures in thousands of rupees.)

	1926-27 (Budget).	1926-27 (Revised).	1927-28. (Budget).
Gross receipts	1,67,43	1,49,25	1,51,25
Charges—			
Working Expenses	2,11,05	1,96,50	1,97,50
Interest charges	1,29,84	1,33,32	1,37,00
Miscellaneous	22	75	23
Net loss in working	1,73,68	1,81,32	1,83,48

The estimate of gross receipts during 1927-28 is placed higher by Rs. 2 lakhs than the revised estimates of 1926-27. This increase is entirely on the strategic lines of the North Western Railway, where an increase of Rs. 1 lakh is provided for under working expenses in 1927-28 over the revised estimate of working expenses of 1926-27. The decrease in working expenses during 1927-28 as compared with the budget estimate of 1926-27 is mainly due to reduction in the cost of fuel.

34. *Surplus profits paid to the Companies and the net earnings of the Indian States' Railways.*—The revised estimate exceeds the budget estimate of the current year by Rs. 10,30,000. The increase is due to the net earnings of the year 1925-26 of the majority of the Company-worked railways proving higher than was anticipated at the time of the preparation of the budget. The budget estimate for 1927-28 is Rs. 20·05 lakhs less than the revised estimate of the current year. The reason for the decrease is given in the Explanatory Note to Demand No. 6.

35. *Land and Subsidy.*—The anticipated expenditure of the current financial year under 'Land' is expected to be Rs. 1,65,000 less than the budget estimate, owing to delays in acquiring land for the Hardwar-Dehra and Sirhind Rupar Railways. Under 'Subsidy', the payments for the current financial year are expected to exceed the budget estimate by Rs. 1,78,000. Nearly half of this excess is due to the final payment of the guaranteed interest to the Arakan Light Railway Company under the terms of the contract with that railway company ; the remainder is due to larger subsidy payments to the Bankura-Damoodar River, Guzerat and Kalighat Falta Railways, consequent on the falling off in the gross earnings of these lines. As regards 'Land', the budget estimate for next year is based on the accepted demands of the Branch Line Companies which, under the terms of their contracts, are entitled to the supply of land free of cost by Government, and in regard to the subsidy payments, the budget estimate for 1927-28 is framed on a forecast of the net earnings of the railways concerned.

36. *Surveys.*—The revised estimate of 1926-27 is Rs. 41,000 more than the budget estimate, the increase being due principally to several new surveys being undertaken which were not contemplated at the time the budget estimate was prepared. The reason for the increased provision in 1927-28 is given in the Explanatory Note to Demand No. 11.

37. *Miscellaneous establishments, etc.*—The anticipated expenditure of the current year is expected to approximate closely to the budget estimate. In Statement D of Demand No. 11 details are shown, for the first time, of the cost of the Rates Advisory Committee, the Technical Office, the Clearing Accounts Office and the Audit Office of the Railway Collieries. The increased provision for the Technical Office in the revised estimate is due to the grant to the subordinate staff employed in that office of compensatory allowance on account of the expensiveness of living in Simla and Delhi. The Clearing Accounts Office is a new institution that was established with effect from the 18th December 1926. A memorandum, Annexure A, is attached explaining the functions of the office and the economies which its creation will secure. The Audit Office of the Railway Collieries was approved by the Standing Finance Committee for Railways in November 1925, *vide* Volume II, No. 4. The net charges on account of the Clearing Accounts Office as well as of the Audit Office for Railway Collieries are transferred to appropriate heads under Revenue Working Expenses of the individual railway administration concerned.

In statement C will be found the details of expenditure of various miscellaneous committees, of which the investigation of the question of educational facilities for the children of railway employees is of some special interest. The object of the enquiry is to obtain complete information regarding the assistance given from railway funds for the education of the children of railway employees with a view to formulating in a concise form the future policy with regard to such assistance, having regard to the present commitments of the railways and the facilities given by Provincial Governments for education. The investigation has been entrusted to a senior officer of the Indian Educational Service whose services have been obtained by the Railway Board.

38. *Other charges.*—Hitherto leave salaries and deputation charges paid in England were debited, in the first instance, to the head '12—Miscellaneous Railway Expenditure' through the Home Accounts and subsequently cleared by transfer in the Indian accounts to appropriate minor heads in the Working Expenses and the Revenue Accounts. Beginning with the current financial year it has been possible to introduce an arrangement whereby such charges will be passed on direct to the appropriate final heads of account. This change in procedure explains the smaller figures in the revised and budget estimates against the minor head 'Other Miscellaneous Charges' in Demand No. 11 and the absence of any deduct entries on account of leave and deputation salaries at the foot of the Demand.

In the demand for grants for Miscellaneous Expenditure (Demand No. 11) the item 'Exchange' has been omitted and the charges on this account have been amalgamated with the direct expenditure under the other heads of classification included in this Demand.

39. *Railway Board's Establishment.*—Expenditure for the current year has been kept within the sanctioned grant. The only change that has been made in the organisation is the conversion of the temporary post of Deputy Secretary into a permanent one.

40. *Interest charges.*—The revised estimate is more by 6 lakhs than the budget estimate of 1926-27. This is the resultant of the increase in the capital expenditure counterbalanced by a small decline in the rate of interest. The budget estimate of 1927-28 is more than the revised estimate of 1926-27 by 128½ lakhs due to the increase in the capital at charge during the ensuing year.

41. *Financial results.*—Under the scheme of the separation of railway from general finance, the contribution payable during 1926-27 from railway to general revenues, determined on the capital at charge and one-fifth of surplus profits of the commercial lines in 1924-25, amounts to Rs. 601 lakhs. The net gain from the working of the railways during 1926-27 is Rs. 594 lakhs. This amount represents the balance of the revenue receipts of 1926-27 remaining after meeting all revenue expenditure including interest charges during the year. The statement below gives the details working to the net gain of the years 1926-27 and 1927-28.

(Figures in lakhs of rupees.)

	Revised, 1926-27.			Budget, 1927-28.		
	Commercial (see para. 23).	Strategic (see para. 33).	Total.	Commercial (see para. 23).	Strategic (see para. 33).	Total.
Gross Receipts (including Miscellaneous . .	98,31	1,49	99,80	1,00,40	1,51	1,01,91
Working Expenses including Miscellaneous Charges . . .	65,86	1,97	67,83	65,52	1,97	67,49
Interest	24,70	1,33	26,03	25,95	1,37	27,32
Gain .	7,75	—1,81	5,94	8,93	—1,83	7,10

The net gain of Rs. 594 lakhs is less by Rs. 7 lakhs than the amount payable as contribution and has to be made good from the Railway Reserve Fund. The contribution payable during 1927-28, based on the actuals of 1925-26, is expected to amount to Rs. 548 lakhs, which, with the amount of Rs. 162 lakhs taken to the Railway Reserve Fund, will represent the net gain from the working of the State Railways during 1927-28.

The net gain on commercial lines alone amounts to 775 and 893 lakhs, respectively, during 1926-27 and 1927-28.

42. *Depreciation Fund.*—At the close of the year 1925-26 the balance in this fund was Rs. 5·75 crores. The payments into the fund during the current year are estimated to amount to Rs. 11·04 crores and the withdrawals to Rs. 8·00 crores leaving a balance of Rs. 8·79 crores in the fund at the end of the year. Next year the payments into the fund are estimated to amount to Rs. 11·50 crores and withdrawals to Rs. 9 crores, so that the balance at the end of the next financial year is estimated at Rs. 11·29 crores.

43. *Reserve Fund.*—The balance in this fund at the close of 1925-26 was Rs. 9·79 crores including Rs. 46·80 lakhs held in the securities of certain branch line and District Board railways. The revised estimates of 1926-27 disclose that the balances in the fund will have to be drawn on to the extent of 7·06 lakhs in order to meet in full the contribution payable to the general revenues in 1926-27. The anticipated credit to the fund during 1927-28 is Rs. 161·58 lakhs, so that the balance at the close of 1927-28 is expected to amount to over Rs. 11¼ crores.

44. *Stores balances.*—When the budget estimates of 1926-27 were presented to the Legislative Assembly in February last, it was anticipated that the balances of stores held by railways would be reduced by Rs. 173 lakhs during 1925-26 and by Rs. 125 lakhs during 1926-27. The actual reduction during 1925-26 has amounted to Rs. 195 lakhs or, taking into account certain miscellaneous adjustments, to 227 lakhs. It is expected that the reduction during the current financial year will now amount to Rs. 169 lakhs. The reduction anticipated during the next year (1927-28) is about Rs. 60 lakhs. Thus at the end of 1927-28, it is anticipated that the balance of stores held by railways will be brought down to Rs. 13 crores.

C. D. M. HINDLEY,
Chief Commissioner for Railways.

A. A. L. PARSONS,
Financial Commissioner, Railways.

New Delhi;
The 24th March 1927.

APPENDIX I.

Particulars of the more important new lines included in the budget but which have not yet been sanctioned.

Bombay, Baroda and Central India Railway.

The Vasad Katana Railway is a line for which there has been a considerable public demand. The line traverses a rich agricultural tract of the Borsad Taluka and will greatly stimulate trade and development therein. Under present conditions the local civil authorities encounter considerable difficulty in the collection of land revenue, and the control and detection of crime, and it is considered that the construction of this railway will tend to improve matters appreciably in this respect.

The proposed line on the broad gauge will be about 26 miles in length. Its capital cost, including interest during construction, is put at Rs. 21·34 lakhs and the return expected is 8 per cent.

The construction of the line was approved by the Standing Finance Committee for Railways in January 1926 in anticipation of the conclusion of negotiations with the Baroda Darbar in whose territory a portion of the line would lie, *vide* item No. 30 in Volume II, No. 6 of the Proceedings of the Committee. On a satisfactory settlement of the remaining outstanding question under reference with the Baroda Darbar in connection with an increase of the amount of the compensation previously decided on for the loss of traffic to the Anand Petland Tarapur Railway, commencement of construction work will immediately be made.

Kapadvanj-Meghraj Railway.—The survey of this line on the 2′ 6″ gauge, about 50 miles in length, was originally carried out by Messrs. Killick, Nixon and Company, and a report submitted in 1926. It was agreed that construction would be undertaken by the Company; but failure to raise the necessary capital resulted in the project remaining in abeyance. The estimates are now being revised by the Agent, Bombay, Baroda and Central India Railway.

The country traversed is well populated and several melas are held in places adjacent to the proposed line. The passenger traffic expected to develop is therefore very considerable, and with interchange traffic with existing lines there is every hope of the project being a remunerative proposition.

Burma Railways.

The Ye-Tavoy-Sinbuyin Railway.—This forms the initial portion of what may eventually become the important international railway connection between Burma and Siam, the estimates of and report on which are at present under the Railway Board's consideration.

The proposed line on the metre gauge will be about 125 miles in length. Besides traversing inhospitable territory frequently interspersed with mangrove swamps and thick forest growth, the line involves considerable engineering construction difficulties including a tunnel, over a mile and a quarter long, through the solid granite of the Mahlwedaung Range, some 15 miles from Ye, and the bridging of the several tidal creeks that are encountered.

The estimated capital cost including interest during construction is put at Rs. 266·50 lakhs and the estimated return indicates an annual loss in working of Rs. 14·27 lakhs.

Negotiations will have to be conducted with the Government of Burma on the subject of the guarantee to be given by that Government to cover the estimated loss in working.

The country traversed possesses valuable forest resources and additional traffic is expected from fish curing industries that are carried on along the coast. The possibilities of producing rubber and extracting tin and other mineral products in the area passed through together with that along the remaining portion of the Burma-Siam Railway from Tavoy *viâ* Mergui to Prachuab, on the Siamese State Railways, are considered to be favourable enough to justify the Local Government in considering some form of contribution to cover the loss resulting from the working of the line.

It is also considered that many administrative advantages will undoubtedly result from the construction of this line, together with the extension into Siam ; and for these reasons provision has been made for construction to commence towards the end of the year 1927-28.

The Taungdwingyi-Magwe Railway is a connection required by the Government of Burma for administrative reasons to bring Magwe, on the east bank of the river Irrawaddy, into rail connection with the main line to Rangoon. The line, which will be about 56 miles in length, will also very likely form part of a possible future rail connection between India and Burma.

A project report and estimate for this line together with approaches for a suitable ferry crossing on the Irrawaddy river in the vicinity of Malun put the capital cost at Rs. 85·37 lakhs and the estimated yield at 2·9 per cent.

The Agent has been asked to reconsider the alignment, make further modifications in order to reduce the capital cost, and link the project with that of the Minbu-Pakkoku District Railways referred to below, in order to assess the probable financial return on the total expenditure to be incurred on these projects as a whole.

The revised proposals are now awaited.

The Minbu-Pakkoku District Railways.—These consist of the following connections designed to open up the two districts named that are situated on the west bank of the Irrawaddy river between Minhla in the south and Yinmabin, about 15 miles south-west of Alon on the Chindwin river, in the north :—

	Miles.
Malun-Minbu-Myitche-Pakkoku	136
Pakkoku-Myaing-Yinmabin	61
Sagu-Aingma	12
Myitche-Pauk	41
Pakkoku-Yesagyu	26
	276

The project is to be considered in combination with the Taungdwingyi-Magwe Railway referred to above for the purpose of estimating the financial prospects of the two schemes.

Several large towns will be served by the connections mentioned as well as certain oilfields that exist in the area under consideration. It is also expected that traffic in local produce such as paddy, groundnuts and sessamum will develop considerably by the construction of these lines together with the Taungdwingyi-Magwe Railway.

A survey was sanctioned in 1925 and the project report and estimates are awaited. Construction is contemplated towards the end of the year 1927-28.

EASTERN BENGAL RAILWAY.

The Nachoul-Rampur Boalia-Natore Railway, about 51 miles in length, is designed to serve a rich tract of country on the left bank of the Ganges river situated between the Katihar-Godagiri branch, and the main line section of the Eastern Bengal Railway between Ishurdi and Santahar. It will also serve to relieve the congestion that already exists on the Katihar-Parbatipur section—a congestion which is likely to increase on the completion of the Dinajpur-Ruhea branch now under construction. This relief will be effected by diverting traffic for Calcutta from the route *viâ* Parbatipur because of the shorter lead the proposed line will give. As a metre gauge line the project was approved by the Standing Finance Committee for Railways in January 1926 when the estimated return on its capital cost was put as 6·4 per cent., *vide* item No. 23 in Volume II, No. 6, of the proceedings of the Committee. Recently, however, the Agent, Eastern Bengal Railway, has pointed out that the Government of Bengal are pressing for a railway from Amnura on the Katihar-Godagiri line to Nawabganj on the banks of the Mahananda river and the traffic considerations involved in this additional proposal are likely to be in favour of the connection under consideration to the Ishurdi-Parbatipur section being on the broad gauge.

A survey for the Amnura-Nawabganj branch was sanctioned in September last, and the results of this together with the views of the Agent, Eastern Bengal Railway, on the question of the gauge to be adopted for the through connection are awaited. It is intended to commence construction early in the year 1927-28.

The Sainthia-Berhampur-Bhairamara cross connection, in addition to opening out the country traversed, is designed to reduce considerably the lead on all coal from the coalfields consigned to the Eastern Bengal and the Assam Bengal Railways and to afford relief to the already congested yard at Naihati. The proposed chord will also serve to reduce any tendency of the Ganges to outflank the Hardinge Bridge at Sara.

The proposed line on the broad gauge will be about 92 miles in length. An important factor in the capital cost of the line is the heavy expenditure involved in bridging the many rivers collectively known as the Nadia rivers, six of which involve major bridges costing Rs. 18·5 lakhs approximately.

A detailed engineering survey was sanctioned in March last and the results of this together with those of a traffic survey are awaited.

Faridpur-Charmaguria- Barisal Railway.—The original proposal for serving Barisal was the Khulna-Barisal-Faridpur project of which the scheme under consideration formed part. The proposal was abandoned, however, in view of the objection of the Government of Bengal that the line, as projected, would prove to be a menace to the general health of the population by interfering with the natural flow of the flood water of the area traversed between Khulna and Barisal. Subsequent investigation has indicated that a line from Faridpur to Charmaguria is likely to be financially justified and at the same time to be unobjectionable from the point of view of interference with drainage; and the Government of Bengal have recently asked for an investigation of an extension of this proposal from Charmaguria to Barisal.

Besides giving the important town of Barisal a long needed railway connection, the line will serve to open out a richly cultivated area and is expected to get good traffic in rice, fish, building materials, jute, etc. It is also hoped to obtain a good ghat site at Charmaguria which is likely to be more permanent than, and take the place of, the ghat now existing at Goalundo where constant shifts involve heavy recurring expenditure.

An engineering reconnaissance and traffic survey of the line on the broad gauge from Faridpur to Barisal, about 81 miles long, were sanctioned in December last and the results are awaited.

GREAT INDIAN PENINSULA RAILWAY.

The Nasik Belapur Bodegaon Railway.—This project comprises the following:—

	Miles.
A line from Belapur to Nasik	75
A branch from Wavi to Sangamner	18
A line from Belapur to Shevgaon with an extension to Bodegaon	60
	153

The proposal is one that has been strongly recommended by the Government of Bombay from time to time and will traverse country, most of which is rich in cultivation and well irrigated by the Godavari Right Bank and the Ojhar system of canals.

Rough preliminary estimates indicate that the capital cost will be Rs. 138·8 lakhs and the yield thereon over 4 per cent. It is expected that, when the full effect is felt of further supplementary irrigation in this area resulting from the recently completed Bhandhardara Dam, the prospects of the line will be considerably improved.

It is intended that the construction of this project should be undertaken as early as possible.

Thana-Mahad Railway.—The object of this line is to provide rail communication to the prosperous collectorate of Alibagh of the Bombay Presidency. The line forms part of a proposal which was surveyed by the Madras and Southern Mahratta Railway in 1922 for a line from Karad on the Miraj-Poona section to Ulva, a small port on the main land opposite Bombay. The result of this survey showed the line as a whole to be unremunerative, but the portion north of Mahad, if built to a light broad gauge standard, gave indications of being a sound commercial proposition.

The proposed line on the broad gauge will be about 90 miles in length. Thana has been selected as the junction with the main line in order to avoid the necessity of a tunnel through the Parsik Range and an expensive bridge over the Panvel Creek. The country to be traversed is generally open, and is prosperous and offers no engineering difficulties.

Preliminary calculations put the capital cost at Rs. 118·16 lakhs and the anticipated return at 6·9 per cent. A detailed survey of the line is in progress and it is intended to proceed with construction when the survey has advanced sufficiently to allow of construction.

MADRAS AND SOUTHERN MAHRATTA RAILWAY.

Hubli Saundatti Belgaum Railway.—In 1913 surveys were carried out of two alignments, one *viâ* Alegvadi and the other *viâ* Nargund. The latter was approved by both the Bombay Government and the Madras and Southern Mahratta Railway Administration and corresponds with the project now being considered.

Apart from the opening out of the country traversed, the line was considered as likely to afford valuable relief to the existing line between Belgaum and Hubli, proposals to double a part of which had already been mooted.

The result of the survey, however, showed that a return of only 3·5 per cent. could be expected and the project was consequently dropped.

On the recommendations of the Bombay Government, however, a fresh survey was sanctioned in 1925 and the results of this are awaited.

The country traversed produces dry crops of which cotton, wheat and oilseeds are the more important ; it is also fairly well populated. Yellamas Hill, close to Saundatti, is a place of pilgrimage visited on an average by some 300,000 pilgrims every year.

The proposed line on the metre gauge will be about 91 miles in length and with a suitable standard of construction it has every prospect of being remunerative.

Raibag-Jamkhandi Bagalkot Railway.—This forms a portion of a line from Nipani to Ilkal *viâ* Raibag Bagalkot and Hungund parts of which have been under consideration since 1897, and were last surveyed in 1922.

The proposed line on the metre gauge will be about 77 miles in length and it will form a cross connection between the Hotgi-Gadag and Poona Miraj Belgaum sections of the Madras and Southern Mahratta Railway system and will traverse in parts the Jamkhandi and Sangli States, the Darbars of which were at one time prepared to take part in the construction of this line.

The main objects of the connection are to serve the important town of Jamkandi, to open out the country passed through which possesses good prospects for cotton cultivation and to mitigate the effects of famine which occurs on occasions when the normal rainfall is deficient. The construction of the line has frequently been urged by the local inhabitants, the Durbars of the States traversed, and by the Bombay Government, and before the war the Railway Board recognised the urgency of this line.

A re-investigation of the whole project for the Nipani-Bagalkot-Ilkal Railway was sanctioned in October 1925 and the results of this are awaited.

NORTH WESTERN RAILWAY.

Sind Left Bank Feeder Railway.—This proposal has been designed to provide light broad gauge feeder lines to serve the area in Sind situated on the left bank of the Indus which is to come under irrigation by the Rohri Canal portion of the Lloyd Barrage Project at Sukkur. The scheme consists of the following lines estimated to cost Rs. 90·20 lakhs in all :—

Name of line.	Length in miles.	Estimated cost in lakhs.
		Rs.
(i) A loop line from Mehrabpur to Pad Idan *viâ* Tharushah	43·07	26·14
(ii) A loop line from Nawabshah to Tando Adam *viâ* Sakrand	54·13	30·57
(iii) A chord line connecting Tharushah with Sakrand	64·90	33·49
	162·10	90·20

In itself the project is not a remunerative one, for it is calculated that for the first five years after opening, subsequent to which it is expected that the Rohri Canal will be fully functioning, a guarantee of Rs. 4 lakhs per annum is required, and that thereafter a maximum annual guarantee of Rs. 2 lakhs will be necessary.

The Local Government is most anxious for these lines to be built from many points of view, and the financial aspects in regard to the guarantee required have been communicated to them and a reply is awaited.

Rohtak Bhiwani Railway.—This line has been proposed for construction from time to time since 1902; but a decision has been complicated by the vested interests of the several railways concerned. In the cold weather of 1925-26 a special officer was appointed to investigate the general question of railway development in the area to the west and south-west of Delhi that would meet the reasonable requirements of all interests concerned. Amongst other schemes, this officer recommended the construction of a broad gauge connection by the North Western Railway from Rohtak to Bhiwani in order to improve railway communication between Bhiwani and the principal trade centres in the surrounding area which are all served by the broad gauge.

The proposed broad gauge line will be about 30 miles in length. The country traversed is rich and well irrigated and the construction of the railway is expected to stimulate trade and movement generally to a considerable extent and to be likely to yield a return of 5 per cent. very soon after opening.

SOUTH INDIAN RAILWAY.

Trichinopoly Karaikudi Manamadura Railway.—Besides opening out Pudukottai and a rich and well populated country, the construction of the line will provide a link in the proposed north and south through connection between Villupuram and Tuticorin, and will assist in relieving the congestion of the main line between Trichinopoly and Madura. The Madras Government and the local population have been insistent in their demands for the early construction of the line.

Salem Attur Vriddhachalam Railway.—The Salem Attur portion of this line was sanctioned as a District Board railway in 1915 but was deferred on account of the war. A traffic survey was carried out in 1925 and the result indicated that the line should be a remunerative one and would give a return of 5·6 per cent. on the estimated capital cost.

The line on the metre gauge will be about 87 miles in length. It will pass through an area capable of much development in the cultivation of dry grains, groundnuts and cotton and will serve several important villages with potential passenger traffic. It is also expected that ginning factories will be established at important centres and machines imported for decorticating groundnuts.

A project estimate for the line is under preparation.

APPENDIX II.

Capital at charge on State Railways at end of 1924-25, capital expenditure during 1925-26 and estimated capital expenditure in 1926-27 and 1927-28.

Railways.	To end of 1924-25.	Accounts, 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.	To end of 1927-28.	Remarks.
Open Lines.						
State Railways worked by State—						
Eastern Bengal	43,64,68,559	1,08,76,471	66,24,000	1,62,38,000	47,02,07,021	
East Indian (including South Bihar)	99,11,29,668	3,24,81,113	2,73,88,000	4,23,08,000	1,41,71,33,973	
Oudh and Rohilkhand	33,36,27,192	...				
Great Indian Peninsula	93,51,13,561	2,11,83,615	...	...	...	
Agra Delhi Chord	1,51,33,680	1,62,659	2,59,15,000	5,27,54,000	1,06,84,49,105	
Baran Kotah	50,62,379	—41,691				
Bhopal State	46,27,799	2,20,130				
Cawnpore Banda	83,24,320	—6,437				
Jodhpur Hyderabad	54,16,927	3,91,606	6,05,000	7,98,000	72,11,533	
North Western	82,80,94,542	1,72,10,343	3,28,63,000	2,96,98,000	90,78,65,885	
Strategic Lines (North Western)	27,33,04,631	36,12,605	51,95,000	66,25,000	28,87,37,236	
„ „ (Aden)	14,97,910	—907	5,000	54,000	15,56,003	
Stores transactions	2,35,61,000	—8,444	...	...	2,35,52,556	
Abandoned projects	32,26,416	...	...	...	32,26,416	
Total State Railways worked by State	3,85,47,88,575	8,60,81,153	9,85,95,000	14,84,75,000	4,18,79,39,728	
State Railways worked by Companies—						
Assam Bengal	18,77,87,251	13,77,076	20,47,000	38,35,000	19,50,46,327	
Bengal Nagpur	60,60,59,340	1,91,80,016	86,50,000	1,91,72,000	65,30,61,356	
Bengal and North-Western (Tirhut)	8,96,17,735	2,43,812	11,95,000	7,49,000	9,08,04,847	
Bezwada Extension	16,99,776	11,014	5,000	2,000	17,17,790	
Bombay, Baroda and Central India	65,02,05,189	1,75,99,345	1,76,00,000	2,77,40,000	71,31,44,534	
Burma (Main Line)	23,18,28,359	59,52,148	80,13,000	95,71,000	27,33,96,289	
Burma Extensions		8,99,571				
Southern Shan States	1,70,90,586	41,625				
Madras and Southern Mahratta	49,88,98,802	1,25,68,952	1,30,50,000	1,83,48,000	54,38,78,636	
Dhone Kurnool	10,16,342	—600				
Guntur Tenali	140	...				
Rohilkund and Kumaon (Lucknow Bareilly)	1,58,37,635	—1,93,396	—1,20,000	...	1,55,15,239	
South Indian	23,36,87,938	88,31,739				
Tinnevelly Quilon (British Section)	46,16,474	5,11,549				
Carried over	2,53,73,47,561	6,70,17,151	5,04,31,000	7,94,17,000	2,48,65,65,018	

APPENDIX II—*contd.*

Railways.	To end of 1924-25.	Accounts, 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.	To end of 1927-28.	Remarks.
Brought forward	3,85,47,88,575	8,60,81,153	9,85,95,000	14,84,75,000	4,18,79,39,728	
Open Lines—*contd.*	3,53,73,47,567	6,70,17,151	5,04,31,000	7,94,17,000	2,48,65,65,918	
State Railways worked by Companies—*contd.*						
South Indian—*contd.*						
Tinnevelly Quilon (Indian State Section)	1,36,60,218	—23,581	1,40,49,000	1,85,00,000	29,89,65,622	
Coonoor Gotacamund	50,51,179	61,106				
Total State Railways worked by Companies	2,55,60,78,964	6,70,54,676	6,44,80,000	9,79,17,000	2,78,55,30,640	
State Railway Collieries	...	...	...	13,35,000	13,35,000	
Total Open Lines	6,41,06,67,539	15,31,35,829	16,30,75,000	24,77,27,000	6,97,48,05,368	
Lines under construction.						
State Railways worked by State—						
Eastern Bengal—						
Krishnagar Navadwip	...	...	96,000	...	96,000	
Baruipur Lakshmikantapur	...	...	4,48,000	20,00,000	24,48,000	
Faridpur Charmaguria	...	...	...	30,00,000	30,00,000	
Natore Rampur-Boalia Nachoul	...	...	44,000	40,00,000	40,44,000	
Dinajpur Ruhea	...	...	4,88,000	21,00,000	25,88,000	
Sainthia-Berhampur-Bhairamara	...	...	...	30,00,000	30,00,000	
Dacca Aricha	...	...	...	7,00,000	7,00,000	
Rajbari-Kamarkhali Jessore	...	...	...	3,00,000	3,00,000	
East Indian—						
Central Indian Coalfields	33,58,212	90,12,495	77,00,000	1,16,60,000	3,17,30,707	
Kedla Colliery	...	...	...	4,75,000	4,75,000	
Bokaro Ramgarh (Bermo-Duneya) Extension	20,71,134	97,280	...	...	21,68,414	
South Karanpura Extension	16,07,074	2,41,482	4,87,000	...	23,35,556	
Chandrapura Gomoh	9,07,006	5,27,791	2,13,000	55,000	17,02,797	
Calcutta Chord	...	24,061	20,00,000	64,00,000	84,24,061	
Rishikesh Road Rishikesh	2,84,283	5,41,983	6,15,000	2,72,000	17,13,216	
Rajghat Bulandshahr Branch	...	...	...	5,00,000	5,00,000	
Lucknow Sultanpur	...	...	...	10,00,000	10,00,000	
Sultanpur Jaunpur	...	...	...	5,00,000	5,00,000	
Chandpur Chandok Branch	...	...	...	5,00,000	5,00,000	
Unao-Madhoganj	...	...	...	3,00,000	3,00,000	
Phaphund Auriya	...	...	...	2,00,000	2,00,000	
Carried over	82,57,659	1,04,45,092	1,20,91,100	3,69,62,000	6,77,85,751	

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APPENDIX II—*contd.*

Railways.	To end of 1924-25.	Accounts, 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.	To end of 1927-28.	Remarks.
Brought forward	82,87,659	1,04,45,092	1,20,91,000	3,69,63,000	6,77,85,751	
Lines under construction— *contd.*						
State Railways worked by State —*contd.*						
Great Indian Peninsula—						
Itarsi Nagpur	3,49,79,006	...	...	...	3,49,79,006	
Bombay Harbour Branch	82,00,776	1,47,357	...	...	83,48,133	
Majri Rajur	26,37,110	1,57,243	...	...	27,94,353	
Agra Bah	...	27,749	52,08,000	120,00,000	32,35,749	
Karla Trombay Line—						
Purchase and electrification of	...	...	4,59,000	...	4,59,000	
Darwha-Pushad	...	...	...	11,41,000	11,41,000	
Thana Mahad	...	...	...	10,74,000	10,74,000	
Kartal Kamasin	...	...	..	15,75,000	15,75,000	
Nasik Belapur Bodegaon	...	...	...	26,40,000	26,40,000	
North Western—						
Amritsar Narowal	...	18,521	25,80,000	25,00,000	50,98,521	
Kangra Valley	...	5,34,291	31,00,000	60,00,000	96,34,291	
Shahdara Narowal	...	6,05,876	20,10,000	71,000	26,86,876	
Jassar-Shakargarh Chak Amru	...	...	4,25,000	4,26,000	8,51,000	
Rohtak Panipat	...	...	6,90,000	14,59,000	21,49,000	
Lyallpur Jaranwala	...	...	5,95,000	8,00,000	13,95,000	
Chak Jhumra Chiniot	...	...	2,90,000	17,40,000	20,30,000	
Rohtak Bhiwani	...	...	...	15,00,000	15,00,000	
Kushab Chiniot	...	...	...	40,00,000	40,00,000	
Pakpattan Montgomery	...	...	...	10,00,000	10,00,000	
Montgomery Tandlianwala	...	...	...	5,00,000	5,00,000	
Lyallpur Tandlianwala	...	...	...	1,00,000	1,00,000	
Jhang Gojra Tandlianwala	...	...	...	10,00,000	10,00,000	
Fazilka Malout	...	...	...	1,00,000	1,00,000	
Sind Left Bank Feeders	...	...	...	30,00,000	30,00,000	
Dodapur Jacobabad	...	...	...	11,00,000	11,00,000	
Strategic Lines—						
Khyber Railway	2,53,72,447	...	5,00,000	7,50,000	3,66,22,447	
Hindubagh Qilla Saifullah	...	...	17,00,000	2,00,000	19,00,000	
Qilla Saifullah Fort Sandeman	...	...	...	20,00,000	20,00,000	
Total State Railways worked by State	7,94,76,998	1,19,36,129	2,49,48,000	7,36,38,000	18,99,99,127	

APPENDIX II—*contd.*

Railways.	To end of 1924-25.	Accounts, 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.	To end of 1927-28.	Remarks.
Lines under construction— *contd.*						
State Railways worked by Companies—						
Assam Bengal—						
Sibsagar Road Khawang	12,05,414	9,70,605	6,26,000	3,40,000	31,42,019	
Furkating Badulipara Jorhat	...	12,47,080	9,32,000	10,02,000	31,81,080	
Sararchar Kishoreganj Atharbari Branch Extension	...	...	...	...	...	
Karimganj Longai Valley	...	946	10,00,000	17,48,000	27,48,946	
Netrakona Mohanganj	...	...	...	9,00,000	9,00,000	
Hobiganj Begamkhan Balla	...	...	...	7,00,000	7,00,000	
Nowgong Dhing	...	...	...	5,00,000	5,00,000	
Feni Belonia	...	...	...	4,00,000	4,00,000	
Chittagong-Fatikchari	...	...	...	5,00,000	5,00,000	
Bengal Nagpur—						
Vizagapatam Harbour	39,54,530	—39,54,531	...	...	...	
Raipur Parvatipur	25,915	14,67,412	24,66,000	1,00,00,000	1,39,59,327	
Tumsar Road Tirodi	...	53,355	4,71,000	15,66,000	20,90,355	
Amda Jamda	1,35,30,133	...	...	...	1,35,30,133	
Talcher Coalfields	51,33,151	29,58,446	14,79,000	...	95,70,597	
Barkakhana Chandil	48,43,081	68,96,662	40,00,000	13,00,000	1,70,39,743	
Argada Branch	2,01,105	1,55,584	...	...	3,56,689	
Guttitangar Branch	21,382	82,127	1,25,000	...	2,28,509	
Barabil Branch	29,016	2,35,463	...	...	2,64,479	
Bokaro Ramgarh (Bermo-Dunoya) Extension	25,09,101	1,38,325	...	...	26,47,426	
South Karanpura Coalfields	20,47,165	3,23,588	...	...	23,70,753	
Kedla Colliery Branch	...	...	1,00,000	4,00,000	5,00,000	
Bengal and North-Western—						
Mashrak Tawe	...	...	...	2,00,000	2,00,000	
Chakia Kurnowl	...	...	...	1,50,000	1,50,000	
Bombay, Baroda and Central India—						
Dholka Dhanduka	27,67,196	...	...	...	27,67,196	
Jambusar Kavi	...	1,06,360	2,32,000	2,21,000	5,59,360	
Vasad Katana	...	...	...	15,09,000	15,09,000	
Nadiad Kaira	...	...	...	5,01,000	5,01,000	
Samni Dehej	...	...	3,00,000	5,00,000	8,00,000	
Malad-Karodi quarry siding	...	...	...	2,00,000	2,00,000	
Boravi Vadtal	...	...	...	5,06,000	5,06,000	
Kayadvanj Meghraj	...	...	...	6,00,000	6,00,000	
Carried over	3,62,67,189	1,06,81,442	1,17,31,000	2,37,43,000	8,24,22,611	

APPENDIX II—*contd.*

Railways.	To end of 1924-25.	Accounts, 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.	To end of 1927-28.	Remarks.
Brought forward	3,62,67,189	1,06,81,422	1,17,31,000	2,37,43,000	8,24,22,611	
Lines under construction—*contd.*						
State Railways worked by Companies—*contd.*						
Burma—						
Bauktaw Minguladon	3,42,522	2,87,624	62,000	8,000	7,00,146	
Pyinmana Taungdwingyi	70,82,609	2,76,099	—5,56,000	2,85,000	70,87,708	
Moulmein Ye	98,73,464	4,56,198	—8,30,000	2,00,000	96,99,662	
Alon Segyi Ye U	9,10,798	85,202	1,61,000	61,000	12,18,000	
Pegu Kayan	18,22,049	12,17,798	12,06,000	1,98,000	44,44,847	
Heho Tayaw	...	3,79,773	10,74,000	6,50,000	21,03,773	
Mandalay Madaya	3,273	6,10,911	5,20,000	2,00,000	13,34,184	
Taungdwingyi Kyaukpadaung	...	9,30,011	35,87,000	25,00,000	70,17,011	
Taungdwingyi Magwe	...	...	...	25,00,000	25,00,000	
Myingyan Natogyi Paleik	...	...	3,00,000	25,00,000	28,00,000	
Kayan Thongwa	...	34,270	4,69,000	3,00,000	8,03,270	
Nyaunglebin Madauk	...	...	20,000	7,00,000	7,20,000	
Ye-Tavoy-Sinbyubin	...	...	...	10,48,000	10,48,000	
Minbu-Pakkoku District	...	...	...	20,00,000	20,00,000	
Alon Saingbyin	19,89,078	2,00,000	—5,36,000	...	16,53,078	
Madras and Southern Mahratta—						
Nidadavolu Narasapur	...	1,37,491	25,00,000	22,35,000	48,72,491	
Cocanada Kotepalli	...	...	...	5,00,000	5,00,000	
Gudivada Bhimavaram	...	66,486	14,00,000	12,90,000	27,56,486	
Hotgi Sholapur	...	12,211	5,00,000	1,16,000	6,28,211	
Kannivihalli Swamihalli	...	...	2,00,000	3,12,000	5,12,000	
Guntur-Gurzala-Macherla	...	...	...	5,00,000	5,00,000	
Hubli-Saundatti-Belgaum	...	...	...	8,00,000	8,00,000	
Raibag-Jamkhandi-Bagalkot	...	...	...	4,72,000	4,72,000	
South Indian—						
Villupuram Trichinopoly	99,149	50,80,756	81,79,000	60,00,000	1,93,58,905	
Virudunagar Tenkasi	2,23,314	28,56,193	23,05,000	20,00,000	73,84,510	
Shoranur Nilambur	13,00,632	29,91,761	16,60,000	48,000	60,00,393	
Dindigul Pollachi	...	5,68,487	32,76,000	28,57,000	66,96,487	
Carried over	5,99,15,077	2,68,67,696	3,72,28,000	5,40,28,000	17,80,33,773	

APPENDIX II—*concld.*

Railways.	To end of 1924-25.	Accounts, 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1926-27.	To end of 1927-28.	Remarks.
Brought forward .	5,99,15,077	2,68,67,696	3,72,28,000	5,40,23,000	17,80,33,773	
Lines under construction—*concld.*						
State Railways worked by Companies—*concld.*						
South Indian—*contd.*						
Trichinopoly Karaikudi Manamadura Railway . . .	...	...	2,50,000	89,16,000	91,66,000	
Mayavaram Tranquebar . .	...	4,00,807	3,55,000	12,50,000	20,05,807	
Madura Bodinayakanur . .	...	44,019	10,99,000	31,83,000	43,26,019	
Vriddhachalam Cuddalore . .	...	65,450	6,60,000	11,60,000	18,85,450	
Salem-Vriddhachallam . .	...	...	...	10,00,000	10,00,000	
Pollachi Palghat . . .	...	...	...	25,00,000	25,00,000	
Bodinayakanur-Gudalur . .	...	...	...	25,00,000	25,00,000	
Theni-Periyakulam . . .	...	...	...	5,00,000	5,00,000	
Rohilkund and Kumaon (L. B. Railway)—						
Kashipur-Kalagarh . . .	...	...	...	5,00,000	5,00,000	
Nizam's Guaranteed State Railways—						
Dhone (Dronachalam) Kurnool Extension.	...	...	1,60,000	7,84,000	9,44,000	
Total State Railways worked by Companies	5,99,15,077	2,73,77,972	3,97,52,000	7,63,16,000	20,33,61,049	
Total Lines under Construction	13,93,92,075	3,93,14,101	6,47,00,000	14,99,54,000	39,33,60,176	
Purchase of shares of Branch Line Companies . . .	...	...	20,86,000	...	20,86,000	
Total Open Lines and Constructions	6,55,02,59,614	19,24,49,930	22,98,61,000	39,76,81,000	7,37,02,51,544	
Deduct—Probable savings .	...	...	...	14,76,81,000	14,76,81,000	
Purchase price of D. U. K. Railway . . .	...	...	4,01,39,000	...	4,01,39,000	
Net .	6,55,02,59,614	19,24,49,930	27,00,00,000	25,00,00,000	7,26,27,09,544	

APPENDIX III.

Gross receipts, working expenses, and net receipts of State Railways for five years ending 1925-26, with Revised Estimates for 1926-27 and Budget Estimates for 1927-28.

(Omitting 000, except in Accounts.)

State Railways.	Accounts. 1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
	M.	M.	M.	M.	M.	M.	M.
Open mileage at beginning of year	26,799	26,961	27,162	27,324	27,430	27,577	28,087
Gross Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
INDIA.							
State Railways worked by the State.							
Eastern Bengal	4,42,96,639	5,24,50,582	5,34,77,428	5,99,15,910	6,33,87,251	6,70,00	6,75,00
North Western Commercial Lines	11,34,90,666	12,95,24,443	13,46,96,285	15,39,25,526	15,42,39,224	14,25,00	14,64,00
Strategic Lines	1,64,24,789	1,55,26,295	1,71,15,149	1,59,86,637		1,48,00	1,50,00
East Indian	13,38,87,673	15,55,59,040	16,23,67,080	17,22,26,920	19,92,10,844	19,45,00	19,75,00
Oudh and Rohilkhand	3,31,34,469	3,84,92,842	3,63,06,369	3,68,29,586	...		
Great Indian Peninsula including Indian Midland	12,61,70,645	14,11,38,133	13,84,75,334	15,39,67,804	14,79,89,910	15,00,00	15,25,00
Agra Delhi Chord	47,07,855	50,84,396	45,92,319	...	...		
Bhopal	12,06,962	12,97,300	13,43,631	...	...		
Baran Kotah	1,77,242	2,11,961	2,20,482	...	...		
Cawnpore Banda	4,50,307	4,78,269	4,73,115	...	...		
State Railways worked by Companies.							
Assam Bengal	85,15,384	1,20,56,460	1,28,90,228	1,44,14,066	1,64,51,380	1,72,50	1,76,00
Bengal Nagpur	6,67,91,163	7,70,71,210	7,70,93,523	8,39,15,778	8,39,99,215	8,40,04	8,50,04
Bombay, Baroda and Central India	10,25,31,934	11,75,19,333	11,95,42,139	12,39,53,925	12,25,95,378	11,50,00	11,80,00
Burma Railways including Extensions and Southern Shan States	3,51,73,283	4,06,98,058	4,11,37,616	4,29,88,754	4,93,81,777	4,45,00	4,73,00
Madras and Southern Mahratta Railway including Mysore State lines	6,55,08,869	7,28,13,554	7,37,33,886	7,90,48,388	8,16,45,610	8,21,75	8,36,40
Dhone-Kurnool	1,85,177	1,89,230	2,21,215	2,40,939	2,77,904		
South Indian including Tinnevelly Quilon	4,59,62,936	5,10,28,796	5,27,06,168	5,14,78,082	5,44,11,876	5,35,00	5,43,00
Other Railways	1,83,11,384	2,10,74,316	2,01,60,376	2,25,53,553	2,34,09,971	2,31,50	2,34,00
Total Central India	81,69,27,377	93,22,14,218	94,65,52,343	1,01,04,55,958	99,70,00,340	98,83,79	1,00,81,44
England	81,64,42,250	93,17,30,856	94,60,69,516	1,00,97,94,326	99,63,60,056	98,80,00	1,00,75,00
Exchange	4,85,127	4,83,362	4,82,827	4,82,356	4,82,355	2,83	4,83
	...	...	...	1,79,276	1,57,929	96	1,61

APPENDIX III—*contd.*

State Railways.	Accounts.					Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.		
Working Expenses.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways worked by the State.							
Eastern Bengal	3,76,49,787	4,40,77,284	3,95,73,311	4,26,70,672	4,64,17,887	4,44,99	4,53,64
North Western—							
Commercial Lines	10,33,44,038	10,06,98,361	9,11,31,786	9,52,44,196	10,76,22,725	9,90,45	9,90,60
Strategic Lines	2,46,08,721	2,22,33,936	1,89,67,892	1,95,76,450		1,94,69	1,95,61
East Indian	8,57,40,408	10,01,22,354	9,98,39,844	10,30,54,022	12,22,71,404	12,05,41	12,13,61
Oudh and Rohilkhand	2,58,18,184	2,61,64,731	2,37,50,107	2,72,29,728	...		
Great Indian Peninsula including Indian Midland	11,80,71,791	10,58,31,167	9,15,57,559	9,11,80,494	10,68,02,793	10,75,86	10,41,44
Agra Delhi Chord	43,05,257	38,08,140	30,83,340	...	...		
Bhopal	11,03,748	9,71,658	9,02,130	...	...		
Baran-Kotah	1,16,928	1,14,479	1,18,733	...	...		
Cawnpore Banda	4,34,314	3,82,129	3,41,312	...	...		
State Railways worked by Companies.							
Assam Bengal	84,38,775	92,27,437	91,00,837	90,96,326	88,92,978	1,12,15	1,15,32
Bengal Nagpur	5,33,17,921	4,43,17,322	5,11,27,579	5,15,72,432	5,25,86,119	5,95,53	6,02,25
Bombay, Baroda and Central India	7,99,28,942	8,24,16,577	7,14,56,582	6,70,85,383	7,51,90,186	7,37,62	7,48,12
Burma Railways including Extensions and Southern Shan States	2,47,26,298	2,43,96,464	2,52,25,907	2,53,52,609	2,74,77,385	2,86,25	2,90,02
Madras and Southern Mahratta Railway including Mysore State lines	4,59,12,876	4,73,98,926	4,32,89,648	4,33,60,220	4,75,57,364	4,78,01	4,77,77
Dhone Kurnool	1,39,434	1,26,580	1,31,570	1,37,992	1,51,510		
South Indian including Tinnevelly Quilon	3,34,02,156	3,59,08,892	3,04,74,778	2,82,56,826	2,16,50,718	3,03,76	3,12,20
Other Railways	96,19,025	1,14,19,698	1,04,55,157	1,10,44,157	1,07,61,290	1,19,39	1,12,41
Difference between the actual expenditure from Depreciation Fund and the contribution to the Fund	...	...	...	1,80,46,614	68,64,087	...	...
Deduct—Difference between book and market value of stores	...	...	...	—38,28,797	...	...	...
Total Central	65,66,78,003	65,96,16,125	61,05,28,077	62,90,78,686	64,41,96,436	65,44,11	65,53,00
India	65,66,78,003	65,96,16,125	61,05,28,077	62,90,78,686	64,27,62,431	64,95,07	65,06,53
England	...	...	...	...	10,76,991	36,65	34,85
Exchange	...	...	...	...	3,55,014	12,39	11,62

APPENDIX III—*concld.*

State Railways.	Accounts. 1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
Net Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways worked by the State.							
Eastern Bengal	66,46,852	83,73,298	1,39,04,117	1,72,45,238	1,69,69,364	2,25,01	2,31,36
North Western—							
Commercial lines	1,01,46,628	2,88,26,082	4,35,64,499	5,86,91,330	4,66,16,499	4,34,55	4,73,40
Strategic lines	—81,33,932	—67,07,641	—18,52,743	—35,89,813		—46,09	—45,61
East Indian	4,81,47,565	5,54,36,696	6,25,27,236	6,91,72,898	7,69,39,440	7,39,59	7,61,39
Oudh and Rohilkhand	73,16,285	1,23,28,111	1,25,56,262	95,99,858	...		
Great Indian Peninsula including Indian Midland	80,99,154	3,53,06,966	4,69,17,775		4,11,87,417	4,24,14	4,83,56
Agra Delhi Chord	4,02,598	12,76,256	15,08,979		...		
Bhopal	1,03,214	3,25,642	4,41,501	6,17,87,400	...		
Baran Kotah	60,314	97,482	1,01,744		...		
Cawnpore Banda	15,993	96,440	1,31,803		...		
State Railways worked by Companies.							
Assam Bengal	76,609	28,29,023	37,89,391	53,17,740	75,58,402	60,35	60,68
Bengal Nagpur	1,34,73,242	3,27,53,888	2,59,65,944	3,28,43,356	3,14,63,096	2,44,51	2,47,79
Bombay, Baroda and Central India	2,26,02,992	3,51,02,756	4,80,85,557	5,68,68,642	4,74,05,192	4,12,38	4,31,88
Burma Railways including Burma Railway Extensions and Southern Shan States	1,04,46,985	1,63,01,594	1,59,14,709	1,76,36,985	2,19,04,392	1,58,75	1,82,97
Madras and Southern Maharatta Railway including Mysore State lines	1,95,95,993	2,54,14,628	3,04,44,238	3,56,88,168	3,40,88,256	3,43,74	3,58,63
Dhone-Kurnool	45,743	62,650	89,645	1,02,947	1,26,394		
South Indian including Tinnevelly Quilon	1,25,60,780	1,51,19,914	2,22,31,390	2,32,21,256	2,27,61,158	2,31,24	2,30,80
Other Railways	86,92,359	96,54,618	97,05,219	1,15,69,396	1,26,48,681	1,13,11	1,21,59
Deduct—Difference between the actual expenditure from Depreciation Fund and the contribution to the Fund	...	...	...	—1,80,46,614	+68,64,087		
Add—Difference between the book value and the market value of stores	...	...	...	+38,28,797	...		
Total Central	16,02,49,374	27,25,98,093	33,60,24,266	38,13,77,272	35,28,03,904	33,39,68	35,28,44
India	16,02,49,374	27,25,98,093	33,60,24,266	38,07,15,640	35,35,97,625	33,84,93	35,68,47
England	...	...	...	4,82,356	—5,96,636	—33,82	—30,03
Exchange	...	...	...	1,79,276	—1,97,085	—11,43	—10,01

ANNEXURE A.

Establishment of a Clearing Accounts Office in India.

1. The establishment of a Clearing House or Clearing Accounts Office in India has been under discussion at intervals during the past twenty years. The question was revived by the Railway Board in March 1925 and it was suggested that an officer should be placed on special duty to investigate the matter. At this stage it was represented by the then Accountant General, Railways, that the end in view was dependent upon a simplification of rates and could not be proceeded with until simplification had taken place. The matter was as a result dropped for the time being.

2. Meanwhile, Mr. Scott, a senior officer of the Indian Audit and Accounts Service, carried out an experiment on the North Western Railway with the object of demonstrating that grouped divisions of traffic could be effected on the basis of ton mileage carried on each railway under particular commodities or particular rates. The results of this experiment were placed before the Financial Commissioner, Railways, in July 1925. The Railway Board then decided that a more thorough investigation should be made of the possibilities of establishing a Central Office for the apportionment of through traffic between railways on grouped divisions of such traffic. And for this purpose, Mr. Scott was placed on special duty early in December 1925. The experiment was first carried out on the lines previously recommended by Mr. Scott, but in the course of his investigations, he discovered a new method of much greater simplicity for apportioning the traffic.

3. The new method consists of employing 'Cards' working first on them by means of a punching machine and subsequently working out the apportionment of the earnings among railways on the Hollerith or Powers Machine. Briefly, the detailed procedure is as follows :—

A separate card is prepared for each invoice and is 'Punched' to show *inter alia* the total weight, the rate mileage due to each railway, and the total freight of the invoice. By sorting these cards on a basis which expresses the factors of weight and rate mileage due to each railway in convenient units for purpose of multiplication, the Hollerith or Powers machines tabulate the freight due to each railway for the total traffic originating from each station or group of stations treated as one station. This process of multiplication by the machine is rendered possible by expressing the multiplier as one of the single digits 1 to 9. Thus, if the weight is 625 and the rate mileage due to a railway is 47, the factors on which the machine will work are—

Multiplier.		Multiplicand.
5	×	47
2	×	470
6	×	4700

That is to say, three sortings on the machine will be necessary to bring out the product.

All cards of the same single digit and relating to one station, or group of stations treated as one, are passed through the machine at one operation and the machine records the total number which is to be

multiplied by each single digit. Thus, if in regard to the single digit 5, there are 6 cards of the following multiplicands—215, 400, 20, 18, 700, 326—the machine will record 5×1679; the product of which 8395 represents the freight in pies due to the railway concerned on these invoices. Thousands of cards of the same single digit are often dealt with in one operation.

It will be seen that this method for the apportionment of freight charges on the machines is not affected by the existing complexity in rates on Indian Railways.

The new method has been designated 'The summary multiplication method' by the Hollerith Company.

4. The prescribed detailed procedure for the conduct of work under the revised method provides for information which secures reconciliation of the traffic apportioned in the Division Sheets prepared by the Clearing Accounts Office with the entries in the accounts statement rendered by stations. This enables the railway receiving Division Sheets to satisfy itself, should it wish to do so, that the entire traffic relating to the period to which the Division Sheets relate has been included in the Division.

5. The Clearing Accounts Office procedure has been applied in actual practice for some months and it has proved that results as accurate as those obtained under the existing procedure can be secured as expeditiously as at present and at less cost. Indeed greater efficiency is claimed for the new procedure owing to the following :—

(*a*) the fact that all initial documents, *e.g.*, invoices, way bills, etc., are fully checked and test checked before they are used for apportionment ;

(*b*) a better qualified establishment is employed on rate checking work ; and

(*c*) the apportionment is done by a machine process which is proof against errors.

6. The working of the new method has been fully examined by the Financial Commissioner, Railways, the Auditor General and the Accountant General, Railways, who are convinced that the establishment of a Central Office for the check and apportionment of traffic under the revised method will make for increased efficiency and economy.

7. A demonstration of the working of the machines was witnessed by Members of the Standing Finance Committee for Railways in June 1926 who expressed themselves satisfied with the working of the machines—*vide* page 6 of Volume III, No. 1 of the Proceedings of the Committee.

8. The Clearing Accounts Office will undertake the internal check of the returns from stations of State-worked railways in respect of all through traffic of such railways. It will, in addition, undertake the apportionment of all traffic interchanged between State-worked railways. This apportionment will be done under the revised method. It will also be responsible for the apportionment of all traffic interchanged with the Company-worked railways which, under the existing procedure, the State-worked railways

are responsible to clear. All such work will, for the present, be performed under existing methods in order that the Company-worked railways may receive the same returns as they do at present. From enquiries that have been made it is hoped, however, that some at least of the Companies will agree to receive returns in the modified forms with the traffic apportioned under the new method.

9. As a matter of convenience the Clearing Accounts Office has been entrusted with all work relating to the check and apportionment of traffic on State-worked railways which is paid for by Government Departments and the recovery of all dues from such Departments.

10. The question of extending the functions of the Clearing Accounts Office to include the preparation of certain classes of statistics and the adjustments of certain classes of expenditure is under separate consideration.

11. A statement is appended (Table A) showing the present cost of the work transferred to the Clearing Accounts Office and of the cost of performing the same work in the latter office. It will be seen that an annual saving of Rs. 1,21,368 is secured immediately. As Company-worked railways agree to accept the application of the new method of apportionment of traffic, the saving in expenditure will increase.

12. In view of the probability that the Clearing Accounts Office will undertake work not entirely of an accounts nature—*vide* paragraph 10—the Auditor General agreed to the proposal that the new office should be under the administrative control of the Financial Commissioner, Railways. In this respect its constitution will be similar to the Accounts Department of the East Indian Railway. These arrangements will be considered experimental subject to a final decision on the general question of the desirability for separating Accounts from Audit on Indian Railways.

13. As a corollary to the arrangements referred to in the preceding paragraph, a temporary audit office has been constituted in order to conduct, on behalf of the Auditor General, an audit of the work performed in the Clearing Accounts Office. A statement (Table B) is attached showing the cost of this office. The cost of this office is more correctly a charge to the purpose of separating Accounts from Audit on Indian Railways than a necessary part of the introducing of the revised arrangements for apportioning through traffic in a Central Office by the employment of machines.

14. The new offices, *viz.*, the Clearing Accounts Office and the Statutory Audit offices attached thereto, were opened on the 18th December 1926.

TABLE A.

Class of Staff.	Present cost. No.	Present cost. Grade.	Average monthly cost.
		Rs.	Rs.
Officers	3	350—50—1,400	
	3	500—35—850	
Total	6		5,840*
Subordinate staff	934	...	95,882*
Servants	60	...	1,200
Travelling allowances and contingent charges, etc.	...	...	12,071
Total	...	...	1,14,993
Deduct—Cost under revised system	...	...	1,04,879
Net savings per month	133	...	10,114
Net saving per annum	133	...	1,21,368

Class of Staff.	Cost of the Clearing Accounts Office. No.	Grade.	Average monthly cost.
		Rs.	Rs.
Officers—			
Director	1	2,250—100—2,750	...
Deputy Director	1	1,500—60—1,800	...
Assistant Director I	1	350—50—1,400	...
Assistant Director II	1	500—35—850	...
Total	4	...	7,304*
Subordinate staff	803	...	82,207*
Servants	60	...	1,200
Travelling allowances and contingent charges, etc.	...	...	9,949*
Hire of machines, cost of cards and other connected charges	...	...	3,819
Interest, depreciation, etc., on the additional capital cost of New Buildings	...	...	1,250
Total	...	...	1,05,729
Less reduction in cost of Forms	...	...	850
	...	...	1,04,879

*These figures include provision for leave, provident fund, bonus and retiring gratuity.

TABLE B.

Statutory Audit Office attached to the Clearing Accounts Office.

	Annual cost.
	Rs.
Officers—	
1 Audit Officer (Rs. 1,800 to Rs. 2,200)	24,000
1 Assistant Audit Officer (Rs. 500 to Rs. 850)	6,500
Pay of Establishment—	
58 Accountants and Clerks (Rs. 45 to Rs. 550)	77,544
12 Servants (Rs. 12 to Rs. 28)	2,500
Contingent and other charges (Estimate)	10,700
Total	1,21,244
Deduct—Reduction in cost of the office of the Chief Auditor, East Indian Railway	32,000
Net	89,244

Memorandum by the Financial Commissioner, Railways, on the effect on Railway Finances of an alteration in the exchange value of the rupee from 1s. 6d. to 1s. 4d. gold.

I propose to attempt, in this memorandum, an estimate of the probable effect of a change in the ratio of the rupee from 1*s.* 6*d.* to 1*s.* 4*d.*, first on Indian railway finances generally by the time the full results of the change are felt; and secondly on the railway budget for 1927-28.

In order to make an analysis of the position easier, I propose to ignore for the moment the possible effect of such an alteration in the ratio on the volume of goods and passenger traffic, the present level of rates and fares, the present programme of railway construction and development, and the rate of interest at which the Government of India can borrow.

Effect on Indian Railway Finances generally.

2. (*a*) *Sterling interest charges.*—The interest charges on sterling debt specifically incurred on account of railways amount to about £4,420,000 per annum. With the rupee at 1*s.* 4*d.* instead of 1*s.* 6*d.*, an additional sum of Rs. 74,00,000 would be required to meet them.

(*b*) *Interest charges on sterling expenditure on stores for capital account.*—At present our sterling expenditure on capital stores is about £5,300,000 per annum. Our present quinquennial programme will require the purchase of at least this quantity of stores, if not more, during each of the next five years: but we may hope gradually, as Indian markets become better able to meet our needs, to reduce our purchases in sterling. An average of £5,000,000 a year, or £25,000,000 spread over the quinquennium is, I think, a reasonable estimate of our sterling expenditure on this account. With the rupee at 1*s.* 4*d.* instead of 1*s.* 6*d.*, Rs. 4,17,00,000 more would be required for capital expenditure, and our annual interest charges would be increased by the end of the quinquennium by about 20 lakhs. Thereafter the extra charge would increase as further capital expenditure is incurred.

(*c*) *Appropriation from revenue for depreciation.*—The increased cost of capital stores would necessitate an increase in the sum set aside annually for renewals and replacements. $1\frac{3}{4}$ per cent of the capital cost is a fair average to take; and on Rs. 4,17,00,000, this amounts to about Rs. 7,00,000.

With the rupee at 1*s.* 4*d.*, instead of 1*s.* 6*d.*, Rs. 7,00,000 more would, therefore, by the close of the quinquennium, be required annually as an appropriation from revenue to the depreciation fund. Thereafter the extra charge to revenue would increase, as further capital expenditure is incurred.

(*d*) *Revenue stores purchased abroad.*—At present our sterling purchases of these stores, which consist largely of engineering material, tools, spare parts, oils and paints, average about £1,750,000. The opening of new lines and development of existing lines must increase the volume of our purchases; but we should be able to secure, by improved methods, some economy in the consumption of these stores, and the development of Indian markets should also help to reduce our purchases in sterling. Balancing these factors, I think £1,500,000 a fair estimate of our average annual sterling purchases on this account a few years hence.

With the rupee at 1*s.* 4*d.* instead of 1*s.* 6*d.*, an additional sum of Rs. 25,00,000 per annum would be required.

(*e*) *Salaries, allowances, pensions and sundry items payable in sterling.*—At present these sterling payments amount to about £500,000, as follows:—

	£
(i) Overseas pay	235,000
(ii) Leave salaries and pensions	230,000
(iii) Sundry items	35,000
	£500,000

With progressive Indianisation (i) and to a certain extent (ii) will decrease, though it will be some years before retirements will be sufficiently numerous to make the reduction appreciable, and the opening of new lines and a large programme of construction are bound to mean an increase of staff with a consequent increase of sterling expenditure on overseas pay and leave salaries. Balancing these opposing factors, I should expect the expenditure four or five years hence to remain at about the present figure of £500,000. After that it should gradually drop.

With the rupee at 1*s.* 4*d.* instead of 1*s.* 6*d.*, an additional sum of Rs.8,00,000 per annum would be required.

(*f*) *Sterling receipts.*—At present these amount to about £222,000. But of this sum £174,000, our share of the Southern Punjab and Rohilkhund and Kumaon Railways' surplus profits would not be directly affected by a change in the ratio.

With the rupee at 1*s.* 4*d.* instead of 1*s.* 6*d.*, we should obtain an additional Rs. 80,000 on the balance of £48,000.

3. I therefore put the eventual net extra charge on railway revenues from the effect *on our sterling transactions* of an alteration from 1*s.* 6*d.* to 1*s.* 4*d.* in the ratio at one and a third crores per annum.

4. The effect of such a change in the ratio on our rupee expenditure is more debateable, at any rate as regards the period within which it will be fully experienced. For it depends on the time taken for prices including the wages of labour to adjust themselves. These are the data.

(*a*) *Wages of labour.*—Our total annual bill for labour is at present as follows. (The figures are the best approximation which I am able to make; they should be sufficiently accurate for the purposes of this memorandum.)

	Total bill.	12½ % of total bill. (crores)
(i) Up to Rs. 40 per mensem	12·50	1·56
(ii) Rs. 41—100	7·17	·90
(iii) Rs. 101—250	4·66	·58
(iv) Over Rs. 250	4·21	·53
(v) Gazetted officers (excluding overseas pay)	2·56	·32
	31·10	3·89

It is impossible to forecast with any accuracy the extent to which a change in the rupee price level would force us to make an equivalent change in our scales of pay: obviously the lower paid classes of labour would be those first demanding consideration, and it is not necessary to assume that a similar increase in the remuneration of the more highly paid employés would be inevitable. I should however be surprised if our wages bill were not ultimately increased by such a change in the ratio by at least two and a half crores.

(*b*) *Revenue stores purchased in India* (including payments to contractors).—The annual amount involved is at present about 20 crores; it is likely to increase as new lines are opened and purchases in India replace purchases abroad. An alteration from 1*s*. 6*d*. to 1*s*. 4*d*. in the ratio may mean an increase of 12½ per cent., or allowing for larger purchases, over 2½ crores per annum in our bill on this account; but, though we may quite well have to face the full 12½ per cent. increase eventually in view of the character of the payments in question, I prefer to be on the safe side and to estimate the additional annual cost to us from such a change in the ratio at two crores after allowing for increased purchases in India.

(*c*) *Interest charges on capital expenditure in India.*—The expenditure in question amounts at present to about 18 crores per annum, and is likely to remain at this, or, owing to increased purchases in India, a rather higher figure for the next five years, while our present quinquennial programme is being carried out. Of the eighteen crores, about two and a quarter crores represent direct payments of wages and salaries; the balance consists in the main of stores and payments to contractors. I think we must assume that there would be an increase of at least 10 per cent. in the total cost in rupees if the ratio were changed from 1*s*. 6*d*. to 1*s*. 4*d*., meaning an increase of Rs. 9,00,00,000 in the capital expenditure during the next five years. Our annual interest charges would therefore be increased by the end of the quinquennium by about 45 lakhs. Thereafter the additional charge would rise as further capital expenditure was incurred.

(*d*) *Appropriation from revenue for depreciation.*—At 1¾ per cent. the increase of nine crores in capital expenditure will necessitate an increase of Rs. 16,00,000 in the sum set aside annually for renewals and replacements.

5. I therefore estimate the eventual net extra charge on railway revenues from the effect *on our rupee transactions* of an alteration from 1*s*. 6*d*. to 1*s*. 4*d*. in the ratio at Rs. 5,11,00,000 per annum.

6. The eventual increase in our annual revenue charges from such a change in the ratio, *on account of our sterling and rupee transactions combined*, is, therefore, estimated to be Rs. 6,44,00,000 per annum. In addition we have sterling liabilities for the repayment of debentures, and the share capital of companies, if their railways are taken over, amounting to nearly £30 millions. The extinction of these liabilities would cost us about 5 crores more with the rupee at 1*s*. 4*d*., than with the rupee at 1*s*. 6*d*., involving a further annual interest charge of about 25 lakhs.

Effect on the Railway Budget for 1927-28.

Revenue account.

7. (*a*) With the rupee at 1*s*. 4*d*. instead of 1*s*. 6*d*. we should have to incur the following expenditure in addition to what is provided in the budget for 1927-28 in order to carry out our programme for that year.

	Rs.
(*a*) Sterling interest charges	74,00,000
(*b*) Interest charges on sterling expenditure on capital account for, on average, half a year	2,20,000
(*c*) Revenue stores, purchased abroad	29,00,000
(*d*) Salaries, etc., payable in sterling	8,00,000
Less—Sterling receipts	80,000
	1,12,40,000

I have estimated the eventual increase in our rupee expenditure on revenue account at Rs. 5,11,00,000 per annum, from which, in considering only the year 1927-28, the items aggregating 61 lakhs mentioned in paragraph 4(*c*) and (*d*) of this note can first be deducted since the extra cost on their account which would fall upon us before the following year would not be substantial probably not more than five lakhs. It is very difficult to prophesy with any certainty how much of the balance of 450 lakhs would be likely to fall on us next year. There would, I think, certainly be a substantial and almost immediate rise in the price of revenue stores purchased in India; but I am doubtful if our wages bill would be affected so rapidly or so severely. On the whole, we might, in my view, expect to get off with an increase of not more than one third of the total, or 150 lakhs, in 1927-28.

(*b*) I therefore place the extra expenditure from revenue which would be incurred next year, were the rupee at 1*s*. 4*d*. gold, at Rs. 2,62,40,000, or say in the neighbourhood of two and two third crores. But to gauge the total effect on our revenue budget, I have now to take into account those factors which, as I have explained, in paragraph 1 of this memorandum, I found it convenient initially to ignore. It is not improbable that a reduction in the ratio from 1*s*. 6*d*. to 1*s*. 4*d*. would tend at the outset to raise the rate at which the Government of India could borrow. The effect on our interest charges *next year* would not however be so substantial as to make any specific addition on this account to my figures necessary. It is the effect of a change in the ratio on the volume of traffic, particularly of course, goods traffic, that is of importance. The initial dislocation of trade which would follow a sudden disturbance of the existing ratio is bound to re-act adversely on the volume of traffic offered to us and until prices have settled down to the new level, to reduce our revenue receipts. We might, I think, well, have to face a reduction of one crore in 1927-28, but I prefer to take perhaps a rather optimistic view, and put the reduction at 50 lakhs.

Capital account.

8 (*a*) For the discharge of sterling debentures of £547,000, and for our expenditure of £5,300,000 abroad we should, with the rupee at 1*s*. 4*d*. gold, require an additional 97 lakhs for capital expenditure in 1927-28. We should also, on account of the rise in rupee prices (*vide* paragraph 4 (*c*) of this memorandum) require at least a crore more than we have provided for capital expenditure in India during the year. But in putting the extra capital expenditure in 1927-28, should the ratio be altered, at two crores, I am assuming that we should not have to curtail our programme of new construction and development. I return to this point in paragraph 10 (iii).

Depreciation Fund account.

9 (*a*) A reduction in the ratio from 1*s*. 6*d*. to 1*s*. 4*d*. would not affect the appropriation from revenue to the depreciation fund for renewals and replacements until 1928-29. It would, owing to the increased cost in rupees of materials, etc., replaced during 1927-28, add to the appropriation from the fund on account of renewals and replacements by an amount which I estimate at not less than half a crore.

SUMMARY.

10. I am now in a position to summarize the conclusions so far arrived at.

(i) An alteration in the ratio from 1*s*. 6*d*. to 1*s*. 4*d*. gold would reduce our net receipts in 1927-28, by rather over three crores (paragraph 7 (*b*)). Instead of being able, as our budget estimate anticipates to place a sum of 162 lakhs to the railway reserve, we should be faced with a deficit of about one and a half crores in 1927-28.

(ii) Eventually our net receipts would be reduced by about six and a half crores per annum. No account is taken in this figure of any possible effect of an alteration in the ratio on the rate of interest at which Government could borrow, or of a reduction in the volume of traffic; since these effects might prove merely transitory.

In order to cover the prospective deficit in 1927-28, it would be necessary for the Railway Board to consider whether rates and fares should not be raised from their present level. A further rise would of course have to be considered later in order to make up the much larger eventual loss, unless in the meantime it had been covered by the development of traffic. In that event, the result of the reduction in the ratio would be the maintenance of rates and fares at a higher level than would otherwise have been necessary.

(iii) The capital cost of our present programme of new construction and development would be increased by about two crores in 1927-28; and by about thirteen crores in the five years which the present programme covers. Since ordinarily new lines are not built, and new works of development are not undertaken, unless they are likely to yield a sufficient return on their capital cost, this increase in the capital cost would mean the omission of some of the new lines and other works from the programme, unless rates and fares had been raised so as to give a sufficiently increased return.

(iv) In addition our liabilities for the repayment of debentures and the share capital of companies would be increased by about five crores.

11. I have not attempted in this memorandum to discuss the probable effect of an alteration in the ratio on the contribution payable from railway to general revenues, or to estimate the loss to railway revenues from a reduction in their receipts on account of interest on diminished reserve and depreciation fund balances. For it must be assumed that rates and fares will, whatever the ratio, be pitched at a level that will enable railways to pay their dues to general revenues, and to set aside such sums as is prudent for depreciation and reserve.

A. A. L. PARSONS,

Financial Commissioner, Railways.

18th February 1927.

PART II.

GENERAL BUDGET.

Speech of the Finance Member

introducing the

Budget for 1927-28.

INTRODUCTORY.

Sir, looking backwards brings little solace to a new Assembly which is called upon to examine the outturn of past Budgets for which it was not itself in any way responsible. This is the first Budget of His Excellency Lord Irwin's Government: it is the first Budget which this Assembly will deal with, and it is the first to be introduced in this new and spacious Council House in New Delhi. Honourable Members will, therefore, be far more interested in the prospects for the year 1927-28 than in a retrospect of the years 1925-26 and 1926-27. Indeed, with the approaching completion of the first ten years of the Reforms, our eyes and the eyes of India are rightly straining forward to the vision of the future and there is neither need nor inclination for us to brood overmuch over the successes and still less over the failures of the past. I propose accordingly to be as brief as possible in what I have to say to-day about the Budgets for 1925-26 and 1926-27.

Actual outturn of 1925-26.

2. Not that we have any reason for dissatisfaction—quite the contrary—with the financial story of those years. Once again, the final results of the year 1925-26 reveal over-caution in our revised estimates. The audited accounts show an improvement of just over 2 crores on the revised estimate of 1·30 crores. It is difficult to single out any particular head which accounts for this improvement. Customs produced 93 lakhs more than we expected when the revised figures were drawn up, the yield in the last two months of the year being exceptionally high. But this excess was to some extent counterbalanced by failure of other heads of revenue to fulfil anticipations. On the expenditure side, nearly every head contributed to the improved net surplus. The final result is a realised surplus of 3·31 crores. The usual comparative table showing the comparative outturn in each of the last ten years is attached to the printed Budget speech.

REVIEW OF THE YEAR 1926-27.

General conditions.

3. The visible balance of trade including private imports of treasure for the ten months ended 31st January, 1927, was in India's favour by 27·16 crores as compared with 85·76 crores a year ago, this result being largely explained by the fall in the price of jute and cotton and the lateness of the season. Recent figures suggest that the delay will lead to a considerable expansion in the volume of exports in the last months of the financial year. Speaking at the Annual Meeting of the Bombay Stock Exchange on February 11th, the President, Mr. K. R. P. Shroff, correctly described the year as generally good for trade and business, though it continued depressed for the cotton trade. It would have been even more satisfactory, had conditions abroad not restricted business, for example, the coal strike in England and the Civil

War in China. The fall in the price of cotton, though overdue, has temporarily increased the difficulties of the cotton industry, but the ultimate effect of a larger demand following on cheaper production is already bringing its compensations. Uncertainty regarding the stability of exchange militated during the autumn against that feeling of security which is the surest foundation for sound business conditions and accentuated the effects of the lateness of the season. In the money market, the most notable feature of the calendar year 1926 was an exceptional absence of stringency, and it is only recently that the seasonal demands for money combined with special reasons for hesitancy in the exchange market and concentrated into the first months of the new year instead of being spread over the period from October onwards have led to a rise in the Bank rate to 7 per cent., a figure which has been usual at this period of the year but was not touched between May 1925 and February 1927. Even now, the stringency is less marked than in the winters of 1923-24 and 1924-25.

REVENUE, 1926-27.

Customs.

4. Customs receipts are expected to exceed the estimate by 1·30 crores, as a result of the buoyancy of the yield from sugar and protective duties. The proceeds in 1925-26 of the sugar duty were 71 lakhs more than for 1924-25 and nearly double those of 1923-24, and were thought to have been inflated owing to the heavy fall in the world price of sugar in that year. But our cautious estimate of 5·70 crores for 1926-27 has now to be raised by 1·25 crores. Protective duties on steel in spite of their success in giving protection have proved unexpectedly efficacious in bringing in revenue and are now expected to produce 2·85 crores as against an estimate of 2·35 crores. This represents of course the total proceeds of these duties, not simply the excess over what the ordinary revenue duties would have brought in.

Taxes on Income.

5. Taxes on Income are now estimated to bring in 29 lakhs less than the Budget estimate of 16·15 crores, but this is due almost entirely to an increase in refunds in connection with double income-tax relief consequent on the reduction in the standard rate of income-tax in Great Britain.

Salt.

6. Our receipts from Salt were fully up to anticipations up to the end of December, but the hope, however slenderly buttressed, that the new Budget might bring a reduction of duty seems to spring eternal in the breast of the salt merchant and the most recent figures suggest that clearances have been retarded pending the opening of the Budget. If so, the March figures may show a substantial recovery, but I have felt it prudent to place the revised estimate at 6·70 crores, a reduction of 20 lakhs on the original estimate.

Opium.

7. The net receipts from Opium are now estimated at 3·12 crores, an improvement of 86 lakhs on the Budget figure. We were unduly cautious in our forecast of the immediate effect of our new policy of restricting exports, while a poor crop succeeding three successive bumper years led to a saving of 48 lakhs in our payments to cultivators, etc.

Other heads.

8. There is no change in the figure of 6·01 crores for the Railway contribution, and among other revenue heads I need only mention a special receipt of 31 lakhs on account of German reparation which represents a payment in respect of the period

before 1st April 1926, and does not therefore go direct to reduction or avoidance of debt under the provisions of the Finance Act of 1926.

EXPENDITURE, 1926-27.

9. On the Expenditure side the most important variations are an excess of 67 lakhs in the net Military expenditure and a saving of 82 lakhs on interest on dead-weight debt. The latter is due to the reduction in the rate of interest paid on new borrowings. The excess on the Military Budget arises mainly from the necessity of increased expenditure on purchase and manufacture of ordnance and other stores amounting to 70 lakhs. Unfortunately this is not a non-recurrent but a recurrent increase explainable by the fact that we have come to the end of our power to draw on the surplus stores left over after the War.

Revised surplus.

10. The revised estimate of revenue comes to 130·25 crores and the revised estimate of expenditure to 127·15 crores as compared with the original estimate of 130·43 crores and 130·38 crores. Thus for the fourth year in succession we are left with a realised surplus. The revised Budget of 1926-27 shows a balance on the right side of 3·10 crores.

11. The following statement shows the main variations in the revised estimate in lakhs of rupees:—

	Better.	Worse.
Customs	1,30	...
Taxes on Income	...	29
Salt	...	20
Opium (net)	86	...
Interest receipts	34	...
Extraordinary receipts	36	...
Interest on dead-weight debt	82	...
Civil Administration	18	...
Military Expenditure (net)	...	67
Other heads	35	...
	4,21	1,16
Total, better		3,05
Budget surplus		5
Revised surplus		3,10

Gross and net estimates

12. These figures are drawn up on the basis which has been customary for the purpose of the presentation of the Indian Budget for many years, but, as pointed out by the Public Accounts Committee in their Report on the Accounts of the year 1924-25, they do not, strictly speaking, represent either the gross or the net revenue and expenditure of the Government of India. A break of continuity is always to be deprecated and I have not thought it desirable to depart from the method of presentation sanctioned by past practice. There are indeed drawbacks in any form that might be adopted. But that the

present form is, in some ways, inconvenient and may even be misleading is illustrated by our experience in 1926-27. In spite of considerable improvements in the main Revenue heads, it is very surprising to discover that the revised estimate of revenue for 1926-27 actually shows a decline of 18 lakhs as compared with the original estimate. The explanation has to be found in the way in which the Railway figures are brought into the figures of the General Budget. Both the receipts and expenditure on Railway Account, which appear as items in the General Budget, are substantially lower in the revised Budget than in the original. Yet the Railway contribution is exactly as originally estimated and has undergone no change whatever. The revised surplus of 3·10 crores for 1926-27 is accounted for to the extent of rather over 2 crores by a real improvement in our revenue; yet the revised figure for revenue is less than the original. The figures of net revenue and expenditure referred to below give a truer picture in this respect. On the other hand, the net figures tend to obscure the magnitude of the Government of India's activities and of the expenditure which they and the Assembly control. We must turn to the gross figures to get an adequate conception of what these are.

13. The gross expenditure of the Government of India including the working expenses of the Railways and of the Posts and Telegraphs and Irrigation Departments aggregates well over 200 crores. The exact figure is 204·72 crores. Even this figure excludes certain small items of expenditure which are shown net—not gross—in our accounts. I have not imposed on the Finance Department, to whose loyal and exacting labours during the Budget season the Government and the Assembly and in a special degree the Finance Member are deeply indebted, the task of arriving at exact figures in this connection. For the purpose of presentation of the facts to the House and the country, the gross expenditure figure of 204·72 crores conveys a sufficiently true picture.

14. The task of working out accurate figures of our net revenue and expenditure requires preliminary decisions on many problematical points, for example, the question arises whether expenditure on the collection of taxes should appear as expenditure or as a deduction from the revenue raised by means of those taxes; or again, whether the interest received on our advances to the Provincial Loans Account should be treated as a deduction from our interest charges or as revenue. Statement D of the Budget sets out the figures of net revenue and expenditure on the same basis as last year. According to that Statement, our net expenditure amounts to 84·07 crores. One fact which the figures of net revenue and expenditure bring out with somewhat startling clearness is the extent to which under the reformed constitution the activities of the Government of India have been transferred to the Provincial Governments, the functions of the Central Government being limited in the main to the defence of India, her relations with the exterior and with the Indian Princes, major communications, the Public Debt and the Currency, some miscellaneous duties in connection with subjects such as surveys, archæology and research, and the responsibility for general superintendence, direction and control of the Provincial Governments.

Ways and Means and Public Debt.

15. Before proceeding to set out the figures for 1927-28, I propose to turn next to the Ways and Means Budget and the Public Debt, the portion of the annual financial statement which enshrines the permanent tendencies

and results of financial policy. The Ways and Means position may be briefly summarised as follows:—

(Crores).

	Revised, 1926-27.	Budget, 1927-28.
Liabilities.		
Railway Capital Outlay	27·0	25·0
Other capital outlay (including Delhi, Posts and Telegraphs, Vizagapatam Harbour, etc.)	2·0	2·2
Provincial Governments' transactions	8·9	6·4
Discharge of debt (net)	37·0	20·5
	74·9	54·1
Resources.		
Rupee loan (net)	26·0	27·0
Postal Cash Certificates	6·1	5·4
Other unfunded debt (including Postal Savings Bank)	6·6	6·2
Debt redemption	5·1	5·2
Depreciation and Reserve Funds	6·1	2·7
Exchange	10·4	—·5
Miscellaneous (net)	4·4	—2·2
Reduction of cash balance	10·2	10·3
	74·9	54·1

16. Once again the position revealed by these figures is extremely gratifying. The net amount of the new market loan, 26 crores, in 1926-27 was less than the amount of our railway capital expenditure alone, and considerably less than the total figure of productive capital outlay. In 1926-27, against 26 crores borrowed in the open market, we shall have discharged debt amounting to 37 crores, including 8·18 crores of Treasury Bills held in the Paper Currency Reserve. The amount of debt which we expect to have to discharge in India in 1927-28 is about 18 crores, while the tentative figure for the money to be raised by a loan in the open market is 27 crores. We hope to finance practically the whole of our own programme amounting to some 27 crores of capital expenditure on reproductive enterprises in 1927-28 and the capital programmes of the Provincial Governments also, while asking the market for less than 10 crores of new money. In these circumstances, we have reason to hope that this sum together with the money which we need to replace maturing debt, including, if we so decide, conversion of some of the bonds maturing after 1927, will be forthcoming on favourable terms.

17. We have successfully avoided the issue of any new sterling loan since May 1923, and the Budget includes no provision for any external loan in 1927-28. On the contrary, it includes provision for repaying £2·7 million in London. In this connection, the House will be interested to know that since the end of the financial year 1923-24, the last year in which we issued a sterling loan, up to 31st March 1927, we have spent outside India £26·2 million for purposes of capital outlay and £9·9 million on reduction of sterling debt, a total of £36·1 million. The whole of this outlay has been financed without resort to external borrowing. We expect during 1927-28 to spend £8·7 million on capital account outside India, and £2·7 million on reduction of sterling debt, a total for 1927-28 of £11·4 million. If, therefore, as we hope, we avoid sterling borrowing in 1927-28,

we shall have covered about £48 million of capital disbursements outside India without borrowing abroad. Our remittance programme for 1927-28, for purposes of our outgoings both on capital and on revenue account, amounts to £35½ million, as compared with a revised estimate of £27½ million for 1926-27.

18. I am once again tempted to invite attention to the market prices of Indian Government securities in India which show how greatly India's credit has improved within recent years.

	Market price on				
	1st February 1923.	1st February 1924.	1st February 1925.	1st February 1926.	1st February 1927.
	Rs. A.	Rs. A.	Rs. A.	Rs. A.	Rs. A.
5 per cent. Tax-free loan, 1945-55	88 4	96 10	97 15	100 12	107 5
3½ per cent. Indian Government rupee loan	57 0	66 0	66 9	70 8	77 7

The following further figures which compare the prices of India stock and other stock in London on certain dates are also very significant and support the conclusion which I drew last year, namely, that the credit of the Government of India stands considerably higher in the London market in relation to the British Government and other gilt-edged borrowers than it did either in 1914 or 1923, or, for the matter of that, in 1926. While the prices of British Government and other securities have actually gone down during 1926, those of India stock show an appreciable improvement:—

	30th April 1914.	30th April 1923.	1st February 1926.	31st December 1926.
India 3 per cent. loan	75¼	60¼	58	59⅜
India 3½ per cent. loan	88¼	70¼	68	71¼
Local loans 3 per cent. stock	87	69⅛	64¼	63⅛
London County Council :				
3½ per cent. stock	97	79⅞	73	72¼
3 per cent. stock	81	68½	63	62

19. The fact which these figures bring out, that India 3½ per cent. rupee stock has been quoted for the last year at a figure appreciably higher than that at which India 3½ per cent. sterling stock has been obtainable in London, has led to very considerable transfers of money from India to London in order to take advantage of the higher yield of the sterling stock. In other words, in addition to the reduction of India's sterling debt due to direct Government action, individual Indian investors have been reducing India's external liabilities by themselves buying back the titles to some part of her sterling loans and transferring them into Indian hands. This process may legitimately be regarded as the first step towards, India's becoming a creditor nation in the ordinary sense of that phrase. She is, of course already a creditor nation

in the sense that she regularly exports more commodities than she imports, but hitherto she has been content to take payment mainly in the precious metals. The process to which I have referred is one which offers great hopes for the future. It has not, however, been without some temporary inconveniences, and a major cause of comparative weakness of exchange during the year 1926-27 has undoubtedly been the movement of capital from India to London due to the higher rates for both long-term and short-term money which have prevailed in London for the greater part of the financial year. A fall in the rates for money in London is, I hope, within sight and will be of material assistance to India in helping to consolidate the improved market prices for Indian Government stocks in India.

20. The following statement carries on for a further year the figures regarding India's debt which I gave in my last Budget Speech:—

Statement showing the Debt of India, outstanding at the close of each financial year.

	31st March 1923.	31st March 1924.	31st March 1925	31st March 1926.	31st March 1927.
In India:		(In crores of rupees)			
Loans	339·83	358·81	370·38	368·29	374·48
Treasury Bills in the hands of public	21·59	2·12	...	...	...
Treasury Bills in the Paper Currency Reserve	49·65	49·65	49·65	49·65	41·47
Other Obligations—					
Post Office Savings Banks	23·20	24·79	25·64	27·23	29·12
Cash Certificates	3·13	8·42	13·12	20·96	27·04
Provident Funds, etc.	36·17	39·00	42·39	46·36	51·03
Total Loans, etc.	411·07	410·58	420·03	417·94	415·95
Total Other Obligations	62·50	72·21	81·15	94·55	107·19
Total in India	473·57	482·79	501·18	512·49	523·14
In England:		(In millions of £)			
Loans	222·92	244·53	263·39	266·35	265·04
War Contribution	19·71	19·27	18·81	18·32	17·81
Capital value of liabilities undergoing redemption by way of terminable railway annuities	61·31	60·10	58·84	57·53	56·18
Provident Funds, etc.	·04	·13	·16	·21	·27
Total in England	303·98	324·03	341·20	342·41	339·30
		(In crores of rupees)			
*Equivalent at 1*s*. 6*d*. to the Rupee	405·31	432·04	454·93	456·55	452·40
Total Debt	878·88	914·83	956·11	969·04	975·54
Productive { for Central Government	536·65	557·09	600·05	623·38	654·42
Productive { for Provinces	87·49	97·56	106·43	114·60	119·41
Total Productive	624·14	654·65	706·48	737·98	773·83
Unproductive	254·74	260·18	249·63	231·06	201·71
Total	878·88	914·83	956·11	969·04	975·54
At 1*s*. 4*d*. to the rupee the figures *would be:—	455·97	486·04	511·80	513·61	508·95

21. In the year 1926-27, while our total debt will have increased from 969·04 to 975·54 crores, our sterling debt will have decreased from 456·55 to 452·40 crores. Our productive debt will have increased from 737·98 crores to 773·83 crores, and our unproductive debt will have decreased from 231·06 to 201·71 crores. Satisfactory as these figures are in themselves, they are still more pleasing in their reaction on our Budget expenditure and on the rate of interest at which we borrow in India whether for new capital outlay for productive purposes or for repayment of maturing debt. Thanks mainly to our policy of making regular provision for reduction or avoidance of debt, we borrowed in the market in India at the rate of 4·69 per cent. subject to income-tax in 1926 as compared with 6 per cent. tax-free in 1922, and the charge on the Budget of 1927-28 for interest on dead-weight debt is about 5½ crores less than it was in 1923-24, a saving considerably larger than the total amount of our present provision for reduction or avoidance of debt.

Budget Estimates for 1927-28.

Revenue.

Customs.

22. The ground is now cleared for the presentation of the figures of revenue and expenditure of 1927-28. I put the net revenue from Customs at 49·15 crores, an increase of 2·75 crores over the original estimate and of 1·46 crores over the revised estimate for 1926-27. Allowance has been made for a reduction of about 40 lakhs in the revenue from protective duty on steel owing to the effect of the new Steel Industry Protection Bill. It is wise to anticipate some reduction in the imports of sugar as compared with the very high figures of the past two years. The reductions under these two heads should, however, be compensated for by the normal growth of revenue under other heads.

Taxes on Income.

23. Under the head of 'Taxes on Income', I put our net receipts at 16·50 crores which is 35 lakhs more than the Budget figure for the current year and 65 lakhs more than the revised estimate. The improvement under this head is due in part to slightly more profitable trade generally and in part to the substitution of tax-subject for tax-free Government of India securities.

Salt.

24. The original estimate of revenue from salt duty for 1926-27 was 6·90 crores and I put the figure for 1927-28 at 7 crores, the increase being justified on the basis of the normal growth in consumption.

Opium.

25. Under the head 'Opium', we have to allow for a reduction of 10 per cent. in our exports in accordance with the policy announced last year. On the other hand, the considerable reduction which has been effected in the area of cultivation curtails our outgoings. I put the figure for gross revenue from Opium at 3·83 crores, which is 35 lakhs less than the revised figure for the current year, and the expenditure at 91 lakhs which is 16 lakhs less than the figure in the revised estimates for 1926-27. The net revenue will accordingly be 2·92 crores as compared with 3·12 crores in the current year.

Railways.

26. The net receipts from Railways for 1925-26 were considerably below those for 1924-25 and in spite of the increased value of 1 per cent. on the capital charge, the contribution falls from 6·01 crores in 1926-27 to 5·48 crores in 1927-28.

Other civil revenue heads.

27. Our receipts under other heads of revenue are estimated at 15·70 crores, being a reduction of 1·74 crores from the original estimate for 1926-27. This estimate assumes the continuance, pending the inauguration of the Reserve Bank, of the present practice of crediting to revenue the excess over £40 million in the Gold Standard Reserve and the income from investments of the Paper Currency Reserve. The amount of these receipts has, of course, been diminished as the result of the reduction both of the sterling and of the Government of India rupee securities in the latter Reserve.

28. Our total estimate of revenue for 1927-28 comes to 128·96 crores as compared with an original estimate of 130·43 crores for 1926-27 and a revised estimate of 130·25 crores.

Expenditure.

Military expenditure.

29. I estimate our net military expenditure for 1927-28 at 54·92 crores, or almost the same figure as the original military estimate for 1926-27, but 63 lakhs less than the revised figure for that year. The disappearance of post-war charges for demobilised officers accounts for a saving of 64 lakhs, but this is counterbalanced by the extra provision necessary for the expansion of the Air Force, by increased expenditure on improving the barrack accommodation for both British and Indian troops, and by the necessity for an additional outlay of 80 lakhs on ordnance and other stores to which I have already alluded. The following table exhibits the figures of net military expenditure for each year since 1921-22:—

1921-22	69·81 crores.
1922-23	65·27 „
1923-24	56·23 „
1924-25	55·63 „
1925-26	56·00 „
1926-27 (Revised estimate)	55·55 „
1927-28 (Budget estimate)	54·92 „

Though the Army has still considerable stocks of surplus stores for disposal, it is clear that we have practically come to the end of our power to reduce military expenditure by living upon existing stocks. The true reduction of expenditure in 1926-27 and 1927-28 as compared with the three previous years is considerably larger than the bare figures suggest, if allowance be made for the value of the stocks consumed but not paid for in the earlier years. Only the sternest economy and the strictest vigilance can now prevent our military Budget from showing a tendency to rise rather than to fall, and the present level of expenditure seems to be very nearly the minimum absolutely essential to maintain in a state of full efficiency an army of the strength at present authorised. It will interest the House to know that the figure of 54·92 crores for 1927-28 includes an additional provision of 5 lakhs in consequence of the decision to create the Royal Indian Navy.

Of the savings the most important are 15 lakhs in pension charges and 13 lakhs in pay of British officers and troops.

Civil expenditure.

30. The most significant variation in our civil expenditure from the figures of the current year occurs under the head 'Interest on dead-weight debt', which I put at 10·63 crores as compared with 12·53 crores in the Budget for the current year. I have already drawn attention to the way in which our steady adherence to the policy of making regular provision for reduction and avoidance of debt and confining new borrowings to productive purposes is bringing in an annual dividend to the tax-payer in the shape of a progressively increasing saving in the charge for interest on dead-weight debt. The saving in gross interest charges is not less striking and the people of India are securing year by year, in addition to the tax-payers' saving on interest on dead-weight debt, all the advantages of lower interest charges on the capital which is being newly invested in productive works of development. This benefit is felt alike by the Railways, the Irrigation and the Forest departments, and the Provincial Governments as a whole to whom an improvement in the credit of the Government of India brings a much-valued boon in bringing down the rate of interest they have to pay on the sums borrowed by them from the Provincial Loans Fund or direct from the market.

Beneficial services.

31. For the last two years, the Government of India have been seeking gradually to restore some of the cuts made on the advice of the Retrenchment Committee in the Government of India's expenditure on beneficial services. It is no reflection on the Retrenchment Committee to say that some of the cuts were short-sighted. Temporary expedients had to be adopted in the then existing financial situation. It was absolutely essential that expenditure should be reduced and it is to the labours of that Committee that we owe our present ability to take a somewhat longer view. Among the new items of expenditure, which have been approved by the Standing Finance Committee, I would draw special attention to the five-year programme for the expansion of education in the Frontier Provinces and other territories directly administered by the Government of India. This programme was drawn up by the Department of Education, Health and Lands on the suggestion of the Finance Department and is, we hope, only the first of a series of programmes relating to the other activities of that Department which largely monopolises the privilege, so far as the Government of India is concerned, of watching over those comparatively few services which have not been transferred to the Provincial Governments, where expenditure is directly and obviously related to the advancement of the social well-being of the masses of the people. The programmes for additional expenditure on sanitation and other services are not yet ready, though individual items of new expenditure on these services are included in the estimates for 1927-28. The educational programme which extends up to 1931-32 involves, during the five years, an additional non-recurring expenditure of 29¾ lakhs and a recurring expenditure, rising gradually from 4 lakhs in 1927-28 to 10½ lakhs in 1931-32. The total amount of additional expenditure for the year 1927-28 is just under 12 lakhs. So long as the Provincial contributions remain unliquidated, the Government of India have felt themselves precluded from embarking on ambitious projects of optional expenditure within their own domain. But they feel it only right that citizens of the territories directly administered by them

should not be required to forgo entirely their claim to a share in the surpluses which have enabled and are enabling the Government of India to effect a progressive reduction in the Provincial contributions. The educational schemes, on which the money will be spent, vary widely in character as do the areas for the administration of which the Government of India is responsible. These areas include places as remote from each other as Manipur and the Andaman Islands on the east and Aden on the west and as divergent in area and population as the Province of Delhi and Baluchistan. The five-year programme is entirely based on estimates received from the local authorities of their present and future requirements. By far the major part of the grants will be devoted to the expansion and improvement of vernacular education; and among the more important of the proposals included in the programme are the introduction of compulsory education in the Imperial Capital and the opening of three hunderd new primary schools in the North-West Frontier Province. With the funds now placed at their disposal the local administrators will be able to raise and maintain the standard of education in the areas under their charge, so far as the peculiar character of those areas admit, up to the standard reached in the neighbouring Provinces of British India.

Posts and Telegraphs.

32. For the year 1926-27 the revised Budget points to a net loss of 7 lakhs as compared with the original estimate of 10 lakhs on the working of the Indian Postal and Telegraph Department, to which must be added the loss of 2 lakhs as compared with an original estimate of 7 lakhs under the Indo-European Telegraph Department. In 1927-28 we expect to improve slightly on these results. The gross receipts of the Indian Postal and Telegraph Department are put at 10·80 crores, while working expenses, including 57 lakhs for interest on capital, amount to a slightly larger total resulting in a net loss of Rs. 76,000. Provision has been made under the head of 'Working Expenses' for additional expenditure amounting to 12¼ lakhs for new measures specially designed to improve the pay and allowances of members of the subordinate staff of the Department whose grievances have been receiving the close and sympathetic attention of my Honourable Colleague Sir Bhupendra Nath Mitra.

33. The Indian Postal and Telegraph Department is, as the House is aware, treated not as a profit-earning institution but as an organisation whose energies are directed to supplying postal and telegraph facilities to the general public in as full a measure as is compatible with the fundamental principle that the Department should not be a burden on the general tax-payer. Under normal conditions, the working expenses and interest charges should be, as nearly as possible, the same as the gross revenue of the Department. With the gradual improvement in trade, it is permissible to hope that the revenues will grow to an extent sufficient to show a substantial surplus over working expenses and interest charges. But that happy state of affairs is not yet actually in sight. It is clear, therefore, that any important reduction in the present postal and telegraph rates cannot be secured without saddling the general tax-payer with the necessity of paying a heavy subsidy.

34. In the case of the Indo-European Telegraph Department, the estimated net results of working in 1927-28 show a small loss of 3 lakhs which is slightly more than the figure in the current year.

Budget Surplus.

35. Our estimate of the aggregate expenditure of the Government for 1927-28 comes to 125·26 crores. Our estimate of revenue on the basis of existing taxation is, as already stated, 128·96 crores, resulting in a surplus of 3·70 crores.

Effect of reversion to 1*s.* 4*d.*

36. The surplus of 3·70 crores for 1927-28 is arrived at on the assumption that there will be no departure during the year from the established rate of exchange of 1*s.* 6*d.* per rupee. The House will, I know, desire to be informed what effect a reduction of the rate of exchange from 1*s.* 6*d.* to 1*s.* 4*d.* would have on the Budget figures which I have presented. It is by no means easy to arrive at an accurate estimate. In a statement which is being circulated to-day, the many and various considerations which have to be taken into account in order to show the effect of a reduction to 1*s.* 4*d.* on the Budget for 1927-28 are set out in some detail. The effect on the Budgets for the following years is also considered in the same statement. The conclusion arrived at is that on the assumption that during the year 1927-28 it will be unnecessary to compensate any Government employees in any way for the loss of approximately 11 per cent. in the value of their wages, the reduction of the ratio to 1*s.* 4*d.* would result in 1927-28 in a total worsening of our position by 5·26 crores. I do not feel that it is my duty to-day on behalf of the Government to make suggestions how the resulting deficit of 1·56 crores should be provided for. The ratio controversy will be discussed on its merits next week and it will be time enough, when that controversy has been decided, to consider in detail the reactions of the decision on our Budget. Nor is it my intention to-day to enter into any discussion of the merits of the rival ratios. It is enough to observe that if the Government are correct in their contention that an arbitrary reduction in the exchange value of the rupee will bring no permanent benefit whatever to India while inevitably involving immediate and heavy sacrifices and losses, then surely the large sacrifice involved in the dislocation of the Budget, though not necessarily the most serious of the sacrifices that would be incurred, is an important and relevant consideration which it would have been folly for us to ignore or obscure.

Changes in Taxation.

37. The surplus of 3·70 crores is arrived at on the basis of the existing level of taxation. With 5·45 crores of Provincial contributions (apart from Bengal's contribution of 63 lakhs) still unliquidated, it is obvious that we cannot afford to give away any important portion of the surplus in reductions of taxation if we are to live up to our declared intention of directing our financial policy to the reduction and eventual extinction of the Provincial contributions as soon as may be. We are, therefore, not yet in a position to make full use of the valuable report of the Taxation Enquiry Committee whose recommendations the Government and the country have been studying during the past year. I shall, I hope, have the approval of the House in saying that our general policy as regards taxation ought to be directed first towards a more equitable distribution of its incidence, so far as that may be attainable with due regard to the other canons of taxation, and the abolition of those imposts which are obnoxious in principle, such as some of the existing export duties, and that, when our finances permit, we should aim at a gradual reduction of taxation to a level which will give some relief to the tax-payer and leave a larger margin available for the Provincial Governments' needs. Once the

Provincial contributions have been extinguished, we shall find ourselves in a freer atmosphere in which we can consider the question of taxation entirely or almost entirely from the standpoint of the Central Administration. With a surplus of 3·70 crores, the House will, I think, not desire us to propose additional taxation for the purpose of increasing the surplus. In 1927-28, therefore, we clearly cannot do more than effect minor changes, the net result of which will not be seriously to modify the surplus of revenue over expenditure.

Export duty on hides.

38. The first proposals which I have to put before the House in regard to taxation affect two of our existing export duties, the export duty on hides and the export duty on tea. The export duty on hides has been condemned by the Fiscal Commission and the Taxation Enquiry Committee as wrong in principle and dangerous in effects. The trade is at present in a depressed condition and the Government have for some years seen no justification for the retention of the duty except on purely revenue grounds. The export duty on skins, which is open to some of the same objections, is both more productive and less positively harmful than the export duty on hides, and we do not feel that we are in a position this year to propose its reduction or abolition. We do, however, propose the immediate abolition of the export duty on hides involving a loss of 9 lakhs of revenue.

Export duty on tea, etc.

39. The export duty on tea brings in approximately 50 lakhs a year. Our finances clearly do not permit of its abolition unless we can find some means of compensating ourselves for the loss involved. Fortunately, we are in a position to make a proposal which will secure the disappearance of the export duty on tea with no ultimate loss to the revenue and at the same time offer definite advantages to the producers of tea. The tea companies are now assessed to income-tax on 25 per cent. only of their total profits, the balance being regarded as agricultural income and therefore not liable to income-tax. The proportion of 25 per cent. was based on imperfect data and later enquiries show that the non-agricultural profits of the tea companies amount to at least 50 per cent. of the whole. The Government, therefore, propose that the export duty on tea should be abolished and that the tea companies should in future be assessed to income-tax at 50 per cent. of their total net income, subject to the proviso that where there is a market for green tea and the non-agricultural profits can be exactly ascertained, income-tax should be assessed on the total of such non-agricultural profits. The abolition of the export duty on tea costs us 50 lakhs. We expect to get an additional 45 lakhs from income-tax on the non-agricultural profits in 1927-28 rising to 50 lakhs in 1928-29.

Import duty on motor cars, etc.

40. The next proposal which the Government have to make is one which will, I hope, be universally popular. We propose that the import duty on motor cars should be reduced from 30 per cent. to 20 per cent. *ad valorem* and the import duty on tyres from 30 to 15 per cent. After making allowance for the stimulus to imports which this reduction of duty is expected to give, I estimate the cost of this proposal at 10 lakhs only. The reduction is in accordance with the views of the Taxation Enquiry Committee which rightly drew attention to the importance of encouraging the development of motor transport in India. Neither the Government nor, I think, the House would feel perturbed if the Provincial Governments seized the opportunity of this reduction of

the import duty to impose Provincial taxation on the users of motor cars for the improvement and development of their systems of road communication.

Import duty on rubber seeds, etc.

41. There will be found included in the Finance Bill a provision for removing to the list of articles which can be imported free of duty rubber seeds and rubber stumps which are at present subject to a duty of 15 per cent. *ad valorem*. The proceeds of this duty are inconsiderable but it is hampering an important adolescent industry in Burma, whose production promises to become an increasingly valuable item in our export trade. The Government of Burma have made a special representation to the Government of India in support of this concession. We are very glad to be in a position to meet their wishes.

Stamp duty on cheques.

42. I have one more proposal to make for reduction of taxation. The Government have decided to accept the recommendation made independently in several quarters and endorsed by the Currency Commission that the stamp duty on cheques should be abolished. With a view to the development of the banking habit in India, we propose at the same time to abolish the duty on other Bills of Exchange payable on demand. For the moment, we do not propose the abolition of the stamp duty on Bills of Exchange not payable on demand which requires further consideration and will involve a loss of about 25 lakhs of revenue. It will be desirable that the abolition of the stamp duty on cheques and other Bills of Exchange payable on demand should not come into force until the 1st of July next in order to give the banks time to make the necessary preparations. The cost of the abolition of the duty on cheques in a full year will be 7 lakhs but is estimated to amount for the nine months in 1927-28 to 5 lakhs only. This loss falls on the Provincial Governments but does not make any very material difference even to those Governments such as Bengal and Bombay, where the bulk of the duty is collected. In these circumstances, the Government do not think it necessary to compensate the Provincial Governments for the temporary loss of revenue involved, partly in view of the relief which will be given to those Governments in other directions, as the House will presently observe, and partly because we hope to be in a position a year hence to bring forward proposals for a division of the Stamps Head into Central and Provincial, coupled with a revision of the Devolution Rules which will fully make good to the Provinces what they will give up under the head 'Stamps'. The cost of abolishing the duty on other Bills of Exchange payable on demand will fall on Central Revenues, but will not be considerable, and I have felt it unnecessary to make any special provision for it.

Import duty on tobacco.

43. Apart from the loss of 5 lakhs owing to the abolition of stamp duty on cheques which will not affect the Central Government's Budget, the proposed reductions and changes in taxation involve a diminution of our revenue by 24 lakhs. In order partially to cover this loss, the Government propose to increase the import duty on unmanufactured tobacco from Re. 1 to Re. 1-8 per lb., an increase which is fully justified on statistical grounds and while giving some additional protection to Indian grown tobacco, will not materially affect the Indian cigarette industry which is now in a strong position. I expect to obtain 18 lakhs from this source.

Net effect on surplus.

44. The net effect of these measures on our estimates for 1927-28 will be a reduction of 51 lakhs under the head 'Customs' and an increase of 45 lakhs from Taxes on Income, with the result that our surplus will then stand at 3·64 crores.

Final Proposals.

Surplus recurrent.

45. Our surplus of 3·64 crores for 1927-28 can, I think, reasonably be regarded as a recurrent one. The year 1928-29 will no doubt present us with problems of its own with a further falling off in our Opium revenue and in our receipts from Railways, if the revised Railway estimate for the current year on which the contribution for 1928-29 will be based is not wide of the mark. Special provision will also be necessary in 1928-29 for the premium (which is really deferred interest) on the 5½ per cent. bonds redeemable at 105 in 1928 in so far as these are not converted in advance of maturity. The inauguration of the Reserve Bank too may entail a temporary diminution in our revenue in the first year or two of its existence. On the other hand, our Customs tariff should continue to show a progressively increasing yield and there is ample room for expansion in our income-tax receipts without any increase of rates, and our interest charges, apart from the special item mentioned, are likely to show a further appreciable shrinkage. We are not called upon to take special precautions against a bad monsoon in advance of that much-dreaded event.

Provincial contributions.

46. The natural use of a recurring surplus is to reduce Provincial contributions. I propose,—and I am sure that the House will unanimously agree,—that our surplus should be devoted to a permanent reduction by 3½ crores of the Provincial contributions distributed in strict accordance with the provisions of the existing Devolution Rules. This will leave only 1·95 crores of the contributions unremitted, excluding the Bengal contribution. Bengal is entitled to a share in the recurring remission of 3½ crores to the extent of 9 lakhs, so that her contribution of 63 lakhs will be reduced to 54 lakhs. As, however, Bengal will not be paying any contribution during 1927-28, the actual cost to the Government of India of the permanent remission of 3½ crores of the Provincial contributions will amount only to 3·41 crores in 1927-28.

47. Unfortunately, the amount of our surplus is not sufficient to enable us to make a clean sweep of all the Provincial contributions. It falls short of the amount required by 1·81 crores. It is an interesting coincidence that the deficiency is approximately equal to the amount of revenue sacrificed a year ago when the Cotton Excise Duty was remitted. Even more unfortunate is the fact that the permanent remission of 3½ crores, while bringing welcome relief to every Province, leaves 37 lakhs out of Bombay's contribution of 56 lakhs still unliquidated. The Bombay Government's Budget is, I am sorry to say, in a very unsatisfactory state. Bombay is faced with a considerable realised deficit on the working of 1926-27 and is under the shadow of a further estimated deficit of 51 lakhs in 1927-28 on other than Development transactions, which will be reduced to 32 lakhs by the remission of 19 lakhs of her contribution, this being Bombay's share of the 3½ crores. The Bombay Government have made a very strong appeal for help to the Government of India. It is needless for us to embark upon a critical examination of the causes of Bombay's difficulties. Even though we might be inclined not to acquit Bombay altogether of responsibility in

the matter, we must in fairness recognise that the existing Devolution Rule 15 regarding the grant to the Provinces of an interest in the proceeds of Taxes on Income which was designed for the benefit of Bombay and Bengal in particular, has altogether failed in its purpose. Any special claims Bengal might have urged in this connection have been liquidated by the relief already accorded; she has been relieved from 1922-23 onwards of the payment of any part of her annual contribution of 63 lakhs, a gift of the aggregate value of 3·15 crores up to 31st March 1927. The only corresponding gift made to Bombay was a special non-recurring reduction of her contribution of 22 lakhs for the year 1925-26 only.

48. In these circumstances, the Government of India have been convinced that a very special effort ought to be made in 1927-28 on Bombay's behalf. We are equally convinced of the inexpediency of altering the existing Devolution Rule for the distribution of relief among the Provinces in a way which would help Bombay at the expense of other Provinces. Some other solution must be found and the Government of India propose to find it by having recourse to the realised surplus of 1926-27. This amounts, as I have already stated, to 3·10 crores. After careful consideration, we have decided that the best way out of our difficulty will be to use a part of this surplus for the purpose of remitting the whole of the remainder of the Provincial contributions for the year 1927-28. This procedure will permit us to meet Bombay's needs in full measure and enable her to balance her Budget for 1927-28 without in any way infringing the rights or arousing the resentment of any of the other Provinces. On the contrary, it will bring them additional and welcome relief. It will carry with it relief to all the Provinces from any liability to pay any contribution to the Central Government in 1927-28. I may add in order to make the story complete, that we propose also to relieve Coorg of her contribution of Rs. 12,000.

49. The following table shows the distribution of the recurring and the non-recurring remissions in the case of each Province:—

(Lakhs.)

	Recurring remission.	Non-recurring remission.
Madras	1,16	49
Bombay	19	37
Bengal	9	54
U. P.	99	52
Punjab	60	26
Burma	31	19
C. P.	8	14
Assam	8	7
TOTAL	3,50	2,58

Special relief to Bombay.

50. These measures will exhaust the surplus in the Central Government's Budget for 1927-28 and reduce to 1·29 crores the estimated surplus in the revised Budget of 1926-27. The proposals so far made regarding the Provin-

cial contributions, while fully meeting Bombay's needs for 1927-28, do nothing to make up to her for the disappointment of her expectations regarding a share in the proceeds of Taxes on Income under Devolution Rule 15 in the past year. In order that the Bombay Government may not feel that we are deaf to her claims on this account, we propose further that a sum of 28 lakhs out of the still remaining surplus for 1926-27 should be devoted to relieving Bombay of one-half of her contribution of 56 lakhs for the current year. We propose to couple this special concession with the condition that her Budget for 1927-28 shall show a balance on the right side. I am glad to know from the figures of the Bombay Budget presented in the Bombay Legislative Council last week, that there is every prospect of this condition being satisfied.

51. There remains a sum of 1·01 crores still left unallocated out of the realised surplus of 1926-27. I have already observed that the inauguration of the Reserve Bank in 1928-29 may cause some temporary diminution of the Central Government's revenue. It would be undesirable, if we can avoid it, to make any special call on the taxpayer for the purpose of tiding over temporary Budget difficulties connected with the financing of the new Gold Bullion Standard and Reserve Bank. The Government accordingly propose to utilise the remainder of the realised surplus of 1926-27 as a nest egg either for the purpose of relieving the Budgets of 1928-29 and 1929-30 of temporary charges incident to the inauguration of the new currency system or for the purpose of increasing the strength of the reserves to be handed over to the Reserve Bank as cover for the note-issue or for both purposes, according as circumstances dictate.

Revenue Reserve.

52. The procedure which we propose is to open a special Deposit Account and pay into it the whole of the realised surplus for 1926-27. In the estimated receipts for 1927-28, there would be included a payment from this Account to revenue of the sum required to balance revenue and expenditure in 1927-28, on present figures 1·81 crores. The amount finally credited to revenue in 1927-28 would, however, be not this exact amount but such sum as may ultimately prove necessary in order to bridge whatever the final gap may be between the expenditure for the year and the ordinary revenue, apart from this assistance from the special reserve. In order that this may be done, the Government propose to present to the House, at the time when the Finance Bill is taken into consideration, a special supplementary estimate covering the transfer to the special reserve of the surplus of 1926-27.

53. I desire to emphasise clearly the fact that the non-recurrent remission of the Provincial contributions must be regarded as definitely temporary, so that if a recurring surplus is not available a year hence sufficient to enable us to make this remission permanent, it will be necessary either to restore the temporarily remitted contributions wholly or in part or else to propose fresh taxation.

54. The House will recognise that even though the Government are formally safeguarded against the accusation of counting unhatched chickens by the provision that the final portion of the Provincial contributions is remitted for one year only, they are clearly taking the risk that if the monsoon of 1927 is specially unfavourable, both the Government and the House, and in a special degree the Finance Member, will be faced next year with difficulties which will in a measure be self-imposed.

55. Our proposals are also open to another objection which I should be the last to minimise. They involve a diversion of the realised surplus of 1926-27 from its proper application to the reduction or avoidance of

debt. The House will, I am sure, do me the justice of recognising that I have not been backward in insisting on the virtues of strictness and purism in the matter of debt redemption. My defence for this lapse from virtue must be that the complete liquidation of our liabilities to the Provinces in respect of Provincial contributions is a very big prize, justifying a very special effort, and that a succession of realised surpluses has enabled us to outdistance our own fixed programme of debt redemption in the last few years, and that the fixed programme remains unmodified and involves us in any case in a charge of 5·12 crores for reduction or avoidance of debt in 1927-28. We can, I think, justifiably make this concession without denying our principles, in order to secure the advantages for India, economic and social, and the stimulus to the successful working of the Reforms, which will flow from the release of 5·45 crores of revenue to the Provinces for expenditure on those nation-building services which all true friends of India and of the Reforms have so deeply at heart.

56. Finally, we should not be unmindful of the fact that so long as Provincial contributions remained unliquidated, the occurrence of a bad monsoon, which would affect Provincial finances more directly and more severely than Central finances, would make the position of the Central Government an uneasy one in the face of demands from the Provinces for assistance from the Central Budget, a state of affairs which will be fundamentally changed once we have ceased to exact any contributions. From the standpoint of our Ways and Means Budget, the complete release of the Provincial contributions makes less difference than might at first sight be expected. It is improbable that the Provinces will find it expedient to embark immediately on heavy additional expenditure, as time will be required for working out plans and programmes. Indeed, so far as the year 1927-28 is concerned, I anticipate that the surplus of 1926-27 will, in effect, remain in our balances and be available temporarily for the avoidance of debt, so that the amount of new money which we shall ask for from the market, when we issue our Rupee Loan in the summer, will not be increased as a result of these proposals.

57. Let me sum up the Government's plans for dealing with the surpluses of 1926-27 and 1927-28. The current year's surplus of 3·10 crores will be reduced to 2·82 crores by the special remission of 28 lakhs of the Bombay Government's contribution for 1926-27. This sum of 2·82 crores will be transferred in its entirety to a special reserve so that the revised estimate for the current year will not exhibit either a revenue surplus or a deficit. The next year's surplus of 3·64 crores will be supplemented by such sum, at present estimated at 1·81 crores, as may be required to be transferred from the special reserve in order that the outturn of the year 1927-28 may also show neither a deficit nor a surplus. The credit balance in the special reserve at the close of 1927-28, at present estimated at 1·01 crores, will be kept in hand as a nest egg for use in connection with the inauguration of the new Gold Bullion Standard and Reserve Bank.

Conclusion.

58. Each of the three Budgets laid before the Second Assembly was not only balanced at the time of its introduction but has presented India with an appreciable realised surplus of revenue over expenditure. The necessity of reducing the salt tax from Rs. 2-8 to Rs. 1-4 per maund in the Budget of 1924-25 postponed the beginning of the remission of the Provincial contributions. The Budgets for 1925-26 and 1926-27, relieved finally

of the uncertainties of Railway Finance by the separation of the Railway Budget from the General Budget, effected a reduction in the Provincial contributions amounting to 3·75 crores or, if the Bengal contribution be included, a reduction from 9·83 crores by 4·38 crores to 5·45 crores. In addition, the Budget for 1926-27 signalised the demise of the unlamented Cotton Excise Duty. In its first Budget, this new Assembly has before it proposals for the complete extinction, at any rate so far as the year 1927-28 is concerned, of the Provincial contributions.

59. I account it a great stroke of good fortune for myself and a happy augury for the financial work of the new Assembly that its first Budget should be the first since the Reforms in which our revenues are independent of assistance from the provincial tax-payer. Ever since the Reforms were inaugurated, the Provincial contributions have been a millstone round the neck both of the Central Government and of the Provincial Governments, poisoning their mutual relations and hampering their every action. Their quality, even more than their amount, has strained the resources of the giver and the patience of the recipient. They have brought curses, not blessings, both to him who has given and to him who has taken. The year 1927-28 sets India free from this incubus.

60. It is true that final and complete freedom has still to be won and that we are still relying on the Budget of 1928-29 to consolidate the ground now occupied. The year before us must be devoted to a further and final effort to this end. But meanwhile the Provincial Governments will have at their immediate disposal large additional resources and they can turn confidently to the work of framing projects for the advancement of the well-being of their citizens. Governments and, in particular, Finance Departments, and even Finance Members, are often taunted with being heartless and inhuman, and it is doubtless difficult, and occasionally dangerous, to wax sentimental over figures. There is nothing to capture the imagination or stir the emotions in the figure of 5·45 crores. But what romance lies behind this figure when it is translated into spending capacity in the hands of the Ministers in the Provinces! It is always wise, when discussing figures and accounts, to remember that money represents nothing more than a power to command goods and services. The programme of educational expenditure in the territories directly administered by the Government of India, to which I referred earlier in my speech, involves over a period of 5 years a total expenditure, recurring and non-recurring, of 68 lakhs. In addition to improved accommodation and a higher standard of teaching for hundreds of existing schools and thousands of existing scholars, these 68 lakhs represent something like 600 new schools and 30,000 children brought within reach, for the first time, of the privileges of education year by year. What will 5·45 crores a year transfigured into goods and services, available year by year in the hands of the Provincial Governments, mean in the promotion of human happiness, in the prevention of preventable disease and ignorance, in the widening of the opportunities for a good life for many crores of the people of India! It is in the belief that by the acceptance of this Budget, Members of this House have it in their power to promote the health and happiness of millions of the masses of India that I commend the Government's proposals to the House and to the country.

BASIL P. BLACKETT.

The 28th February 1927.

Statement comparing the actual Revenue and Expenditure of the Central Government (Imperial Revenue and Expenditure before the Reforms) with the Revised Estimates for each year from 1916-17 to 1925-26.

(*See* paragraph 2 of speech.)

[In thousands of Rupees.]

	Revised Estimates.			Actuals.		
	Revenue.	Expenditure.	Surplus (+) Deficit (−).	Revenue.	Expenditure.	Surplus (+) Deficit (−).
1916-17 . .	97,25,67	88,27,37	+8,98,30	98,53,10	87,31,37	+11,21,73
1917-18 . .	1,14,84,48	1,06,27,74	+8,56,74	1,18,70,58	1,06,57,52	+12,13,06
1918-19 . .	1,27,94,65	1,34,79,88	−6,85,23	1,30,40,66	1,36,13,72	−5,73,06
1919-20 . .	1,44,07,56	1,59,18,67	−15,11,11	1,37,13,98	1,60,79,27	−23,65,29
1920-21 . .	1,35,10,35	1,48,03,61	−12,93,26	1,35,63,32	1,61,64,17	−26,00,85
1921-22 . .	1,13,15,32	1,41,94,52	−28,79,20	1,15,21,50	1,42,86,52	−27,65,02
1922-23 . .	1,20,70,17	1,37,95,52	−17,25,35	1,21,41,29	1,36,43,05	−15,01,76
1923-24 . .	1,31,96,04	1,29,89,97	+2,06,07	1,33,16,63	1,30,77,63	+2,39,00
1924-25 . .	1,34,82,26	1,30,82,68	+3,99,58	1,38,03,92	1,32,35,66	+5,68,26
1925-26 . .	1,31,35,25	1,30,04,87	+1,30,38	1,33,32,98	1,30,01,80	+3,31,18

Budget

of the

Government of India,

February 1927.

ACCOUNTS	1925-26
REVISED ESTIMATES	1926-27
BUDGET ESTIMATES	1927-28

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I.—General Statement of the Revenue and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	47,77,95,049	46,40,00,000	47,69,71,000	48,64,37,000
Taxes on Income	,,	15,85,93,439	16,14,67,000	15,85,47,000	16,95,05,000
Salt	,,	6,32,96,778	6,90,00,000	6,70,00,000	7,00,00,000
Opium	,,	4,14,99,581	3,80,00,000	4,18,51,000	3,83,08,000
Other Heads	,,	2,12,59,871	2,25,43,000	2,26,42,000	2,27,06,000
TOTAL PRINCIPAL HEADS		76,24,44,718	75,50,10,000	76,70,11,000	78,69,56,000
Railways: Net Receipt (as per Railway Budget)		34,40,12,775	35,44,33,000	32,81,80,000	34,97,13,000
Irrigation: Net Receipts	A	12,03,397	8,21,000	9,73,000	10,36,000
Posts and Telegraphs: Net Receipts	,,	86,35,229	45,52,000	48,92,000	58,07,000
Interest Receipts	,,	4,21,95,320	3,47,11,000	3,81,48,000	3,16,13,000
Civil Administration	,,	89,97,693	77,86,000	83,00,000	84,21,000
Currency and Mint	,,	4,63,89,101	4,29,68,000	4,17,69,000	2,48,70,000
Civil Works	,,	12,85,165	9,98,000	14,91,000	17,45,000
Miscellaneous	,,	54,17,872	39,27,000	55,97,000	46,90,000
Military Receipts	,,	4,39,51,391	4,29,79,000	4,65,23,000	1,80,49,000
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments	,,	6,24,08,843	5,45,12,000	5,17,61,000	...
Extraordinary Items	,,	63,57,154	16,00,000	52,03,000	1,96,76,000
TOTAL REVENUE		1,33,32,98,658	1,30,42,97,000	1,29,97,48,000	1,25,25,76,000
DEFICIT		...	...	...	...
TOTAL		1,33,32,98,658	1,30,42,97,000	1,29,97,48,000	1,25,25,76,000

M. F. GAUNTLETT,
Auditor General.

NEW DELHI,
FINANCE DEPARTMENT;
The 28th February 1927.

Revenue of the Central Government, in India and in England.

	For details, *vide* Statement.	Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
		Rs.	Rs.	Rs.	Rs.
Expenditure–					
Direct Demands on the Revenues	B	5,37,39,201	5,00,14,000	4,34,41,000	4,30,30,000
Salt and other Capital outlay charged to Revenue	„	7,18,044	10,20,000	8,39,000	18,79,000
Railways : Interest and Miscellaneous Charges (as per Railway Budget)	„	28,91,09,206	29,43,46,000	26,80,93,000	29,49,05,000
Irrigation	„	20,15,353	17,34,000	16,52,000	18,70,000
Posts and Telegraphs	„	1,01,89,731	86,01,000	78,60,000	84,61,000
Debt Services	„	18,34,24,692	17,51,76,000	16,68,69,000	15,74,34,000
Civil Administration	„	10,76,48,431	11,45,30,000	11,27,53,000	11,31,50,000
Currency and Mint	„	70,11,413	78,24,000	77,91,000	74,85,000
Civil Works	„	1,60,41,798	1,80,11,000	1,90,25,000	1,66,98,000
Miscellaneous	„	4,25,59,999	3,96,31,000	4,02,26,000	3,97,15,000
Military Services	„	60,39,37,045	59,17,79,000	60,20,23,000	56,72,49,000
Miscellaneous adjustments between the Central and Provincial Governments	„	15,68,166	6,00,000	4,72,000	...
Extraordinary Items	„	25,76,854	5,00,000	2,87,04,000	7,00,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,30,01,80,471	1,30,37,66,000	1,29,97,48,000	1,25,25,76,000
SURPLUS		3,31,18,187	5,31,000	...	...
TOTAL		1,33,32,98,658	1,30,42,97,000	1,29,97,48,000	1,25,25,76,000

H. DENNING,
Controller of the Currency.

A. F. L. BRAYNE,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts.			
		Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
		Rs.	Rs.	Rs.	Rs.
Surplus	C	3,31,18,187	5,31,000	...	...
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)		77,15,537	2,95,19,000	...	2,58,92,000
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	...	...	3,35,11,000	7,22,41,000
Unfunded Debt (net incurred)	,,	13,45,50,536	9,58,16,000	12,70,76,000	11,63,39,000
Deposits and Advances (net)	,,	9,53,74,499	7,01,96,000	19,25,20,000	3,05,76,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	,,	6,00,99,004	5,25,07,000	2,97,05,000	4,11,58,000
TOTAL DEBT, DEPOSITS AND ADVANCES.		29,00,24,039	21,85,19,000	38,28,12,000	26,03,14,000
Remittances (net)	,,	...	...	64,13,000	...
Balances of Provincial Governments (net).	,,	3,20,25,342	29,000	...	...
TOTAL RECEIPTS		36,28,83,105	24,85,98,000	38,92,25,000	28,62,06,000
Opening Balance—India		31,73,00,743	22,88,39,743	25,14,88,041	24,73,44,041
England		13,51,68,257	14,49,33,257	15,04,63,055	5,24,32,055
TOTAL		81,54,12,105	62,23,71,000	79,11,76,096	58,59,82,096

M. F. GAUNTLETT,
Auditor General.

NEW DELHI,
FINANCE DEPARTMENT ;
The 28th February 1927.

Central Government, in India and in England.

	For details, *vide* Statement.	Disbursements. Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
		Rs.	Rs.	Rs.	Rs.
Deficit	C	...	...	...	...
Railway, Irrigation, Posts and Telegraphs and other Capital not charged to Revenue—					
Capital outlay on Security Printing	,,	16,39,618	1,72,000	16,68,000	12,000
Construction of State Railways (as per Railway Budget)		19,24,49,930	26,00,00,000	27,00,00,000	25,00,00,000
Discharge of Debentures (as per Railway Budget)		82,61,618	3,61,85,000	2,63,43,000	3,31,86,000
Redemption of liabilities involved in the purchase of Railways (as per Railway Budget)		3,42,73,830	...	...	...
Construction of Irrigation Works	,,	—96,675	—55,000	—76,000	16,000
Capital outlay on Posts and Telegraphs	,,	2,23,54,139	59,32,000	31,35,000	58,02,000
Capital outlay on Vizagapatam Port	,,	64,76,753	48,70,000	38,14,000	39,43,000
Currency Capital outlay	,,	...	...	8,61,000	19,23,000
Initial expenditure on new Capital at Delhi	,,	99,06,184	1,00,50,000	75,00,000	70,00,000
Payment of commuted value of pensions	,,	...	35,00,000	35,00,000	33,35,000
Total Capital Account Disbursements		27,52,65,397	32,06,54,000	31,67,45,000	30,52,17,000
Debt, Deposits and Advances—	,,				
Permanent Debt (net discharged)	,,	4,03,35,226	89,17,000	...	...
Floating Debt (net discharged)	,,	25,000	...	8,18,15,000	...
Total Debt, Deposits and Advances		4,03,60,226	89,17,000	8,18,15,000	...
Loans and Advances by Central Government (net Advances)	,,	8,92,44,608	8,06,23,000	5,19,45,000	3,03,02,000
Remittances (net)	,,	85,90,778	5,48,000	...	14,95,000
Balances of Provincial Governments (net)		...	...	4,08,95,000	5,18,92,000
Total Disbursements		41,34,61,009	41,07,42,000	49,14,00,000	38,89,06,000
Closing Balance—India		25,14,88,041	15,61,92,743	24,73,44,041	14,69,89,041
England		15,04,63,055	5,54,30,257	5,24,32,055	5,00,87,055
TOTAL		81,54,12,105	62,23,71,000	79,11,76,096	58,59,82,096

H. DENNING,
Controller of the Currency.

A. F. L. BRAYNE,
Secretary to the Government of India.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1924-25. India.	Accounts, 1924-25. * England.	Accounts, 1924-25. Exchange.	Accounts, 1924-25. Total.	Revised Estimate, India.	Revised Estimate, * England.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	47,77,95,049	...	...	47,77,95,049	47,69,71,000	...	1
II.—Taxes on Income	15,92,09,274	—4,64,137	—1,51,098	15,85,93,439	15,93,50,000	—6,00,000	2
III.—Salt	6,32,96,778	...	...	6,32,96,778	6,70,00,000	...	3
IV.—Opium	4,14,99,581	...	...	4,14,99,581	4,18,51,000	...	4
V.—Land Revenue	38,52,885	...	...	38,52,885	41,05,000	...	5
VI.—Excise	42,20,676	...	...	42,20,676	48,53,000	...	6
VII.—Stamps	27,14,757	...	...	27,14,757	26,55,000	...	7
VIII.—Forest	18,74,128	...	...	18,74,128	24,84,000	...	8
IX.—Registration	1,68,043	...	...	1,68,043	1,65,000	...	9
X.—Tributes from Indian States	84,29,482	...	...	84,29,482	83,80,000	...	10
Total	76,30,60,553	—4,64,137	—1,51,098	76,24,44,718	76,78,14,000	—6,00,000	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	19,06,454	...	...	19,06,454	22,38,000	...	12
Deduct—Working Expense	*7,09,351*	...	...	*7,09,351*	*12,71,000*	...	13
Net Receipts	11,97,103	...	...	11,97,103	9,67,000	...	14
XIV.—Works for which no Capital accounts are kept	6,294	...	...	6,294	6,000	...	15
Total	12,03,397	...	...	12,03,397	9,73,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Postal and Telegraph Department—Gross Receipts	10,21,37,542	...	...	10,21,37,542	10,51,03,000	...	17
Deduct—Working Expenses	*9,28,89,569*	*6,82,946*	*2,23,286*	*9,37,95,801*	*9,97,03,000*	*5,91,000*	18
Net Receipts	92,47,973	—6,82,946	—2,23,286	83,41,741	54,00,000	—5,91,000	19
Indo-European Telegraph Department—Gross Receipts	22,39,246	10,57,716	3,45,768	36,42,730	15,30,000	15,50,000	20
Deduct—Working Expenses	*31,89,355*	*1,20,293*	*39,094*	*33,49,242*	*31,65,000*	*1,17,000*	21
Net Receipts	—9,50,609	9,37,423	3,06,674	2,93,488	—16,35,000	14,33,000	22
Total	82,97,364	2,54,477	83,388	86,35,229	37,65,000	8,42,000	23
Debt Services—							
XVI.—Interest	95,77,147	2,46,46,525	79,71,648	4,21,95,320	66,53,000	2,35,39,000	24
Carried over	78,21,38,461	2,44,36,865	79,03,338	81,44,78,664	77,92,05,000	2,37,81,000	25

* Sterling converted into Rupees at £1=Rs. 10.

Government, in India and in England.

Item No.	1926-27. Exchange.	1926-27. Total.	Increase (+) Decrease (—) as compared with Budget, 1926-27.	Budget Estimate, 1927-28. India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1926-27.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	47,69,71,000	+1,29,71,000	48,64,37,000	...	...	48,64,37,000	+94,66,000
2	—2,03,000	15,85,47,000	—29,20,000	16,95,05,000	...	...	16,95,05,000	+1,09,58,000
3	...	6,70,00,000	—2 0,00,000	7,00,00,000	...	...	7,00,00,000	+30,00,000
4	...	4,18,51,000	+38,51,000	3,83,08,000	...	...	3,83,08,000	—35,43,000
5	...	41,05,000	+2,02,000	41,97,000	...	...	41,97,000	+92,000
6	...	48,53,000	+1,93,000	44,89,000	...	...	44,89,000	—3,64,000
7	...	26,55,000	—92,000	26,47,000	...	...	26,47,000	—8,000
8	...	24,84,000	—1,91,000	27,21,000	...	...	27,21,000	+2,37,000
9	...	1,65,000	+1,000	1,66,000	...	...	1,66,000	+1,000
10	...	83,80,000	—1 ,000	84,86,000	...	...	84,86,000	+1,06,000
11	—2,03,000	76,70,11,000	+1,20,01,000	78,69,56,000	...	...	78,69,56,000	+1,99,45,000
	...	22,38,000	+2,26,000	20,83,000	...	...	20,83,000	—1,55,000
13	...	*12,71,000*	—69,000	*10,53,000*	...	...	*10,53,000*	+2,18,000
14	...	9,67,000	+1,51,000	10,30,000	...	...	10,30,000	+63,000
15	...	6,000	+1,000	6,000	...	...	6,000	...
16	...	9,73,000	+1,52,000	10,36,000	...	...	10,36,000	+63,000
17	...	10,51,03,000	—13,62,000	10,79,83,000	...	...	10,79,83,000	+28,80,000
18	*2,00,000*	*10,04,24,000*	+12,56,000	*10,16,80,000*	*5,46,000*	*1,82,000*	*10,24,08,000*	—19,14,000
19	—2,00,000	46,09,000	—1,06,000	63,03,000	—5,46,000	+1,82,000	55,75,000	+9,66,000
20	5,24,000	36,04,000	+2,00,000	17,15,000	14,60,000	4,87,000	36,62,000	+58,000
21	*39,000*	*33,21,000*	+2,46,000	*32,72,000*	*1,19,000*	*39,000*	*34,30,000*	—1,09,000
22	4,85,000	2,83,000	+4,46,000	—15,57,000	13,41,000	4,48,000	2,32,000	—51,000
23	2,85,000	48,92,000	+3,40,000	47,46,000	7,95,000	2,66,000	58,07,000	+9,15,000
24	79,56,000	3,81,48,000	+34,37,000	70,69,000	1,84,08,000	61,36,000	3,16,13,000	—65,35,000
25	80,38,000	81,10,24,000	+1,59,30,000	79,98,07,000	1,92,03,000	64,02,000	82,54,12,000	+1,43,88,000

*Sterling converted into Rupees at £1=Rs. 10.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1925-26.				Revised Estimate.		Item No.
	India.	* England.	Exchange.	Total.	India.	* England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	78,21,38,461	2,44,36,865	79,03,338	81,44,78,664	77,92,05,000	2,37,81,000	
Civil Administration—							
XVII.—Administration of Justice	3,68,992	...	...	3,68,992	3,64,000	...	1
XVIII.—Jails and Convict Settlements	5,96,187	...	...	5,96,187	3,35,000	...	2
XIX.—Police	5,33,581	...	...	5,33,581	1,22,000	...	3
XX.—Ports and Pilotage	25,18,474	...	...	25,18,474	24,76,000	...	4
XXI.—Education	1,34,660	...	...	1,34,660	1,62,000	...	5
XXII.—Medical	3,53,810	...	...	3,53,810	3,57,000	...	6
XXIII.—Public Health	1,86,039	...	...	1,86,039	1,84,000	...	7
XXIV.—Agriculture	17,98,750	...	...	17,98,750	16,42,000	...	8
XXV.—Industries	...	...	...	...	...	...	9
XXVI.—Miscellaneous Departments	25,07,200	...	...	25,07,200	13,03,000	...	10
XXVI-A.—Indian Stores Department	...	...	...	...	12,55,000	...	11
Total	89,97,693	...	...	89,97,693	82,00,000	...	12
Currency and Mint—							
XXVII.—Currency	3,05,76,466	93,56,509	30,62,989	4,29,95,964	3,04,08,000	76,50,000	13
XXVIII.—Mint	33,93,123	11	3	33,93,137	10,77,000	36,000	14
Total	3,39,69,589	93,56,520	30,62,992	4,63,89,101	3,14,85,000	76,86,000	15
Civil Works—							
XXX.—Civil Works	12,85,165	...	...	12,85,165	14,91,000	...	16
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	20,36,771	3,80,543	1,24,661	25,41,975	17,84,000	3,53,000	17
XXXIV.—Stationery and Printing	16,11,026	8,693	2,829	16,22,548	17,77,000	9,000	18
XXXV.—Miscellaneous	7,93,621	3,46,633	1,12,895	12,53,349	10,97,000	3,46,000	19
Total	44,41,418	7,36,060	2,40,385	54,17,872	46,58,000	7,02,000	20
Military Receipts—							
XXXVI.—Army—							
Effective	2,77,40,445	26,55,816	8,75,136	3,12,71,397	2,76,75,000	25,85,000	21
Non-effective	13,62,246	6,50,731	2,11,524	22,24,501	10,11,000	11,03,000	22
	2,91,02,691	33,06,547	10,86,660	3,34,95,898	2,86,86,000	36,88,000	23
XXXVII.—Marine	14,74,245	...	...	14,74,345	13,71,000	...	24
XXXVIII.—Military Engineer Services	89,81,248	...	...	89,81,243	1,15,32,000	...	25
Total	3,95,58,184	33,06,547	10,86,660	4,39,51,391	4,15,89,000	36,88,000	26
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—							
XXXIX.—Contributions to the Central Government by Provincial Governments	6,20,12,000	...	...	6,20,12,000	5,17,12,000	...	27
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	3,96,843	...	...	3,96,843	49,000	...	28
Total	6,24,08,843	...	...	6,24,08,843	5,17,61,000	...	29
Extraordinary items—							
XL.—Extraordinary Receipts	28,346	47,58,280	15,70,528	63,57,154	7,45,000	33,32,000	30
XL-A.—Transfers from Revenue Reserve Fund	...	...	...	...	...	...	31
Total	28,346	47,58,280	15,70,528	63,57,154	7,45,000	33,32,000	32
Railway Revenues as per Railway Budget	34,17,74,416	16,77,748	5,60,611	34,40,12,775	33,01,71,000	44,88,000	33
TOTAL REVENUE	1,37,46,02,115	4,42,72,029	1,44,24,514	1,33,32,98,658	1,34,93,05,000	3,77,01,000	34

* Sterling converted into Rupees at £1 = Rs. 10.

Government, in India and in England—*contd.*

Item No.	1926-27. Exchange.	1926-27. Total.	Increase (+) Decrease (−) as compared with Budget, 1926-27.	Budget Estimate, 1927-28. India.	England.*	Exchange.	Total.	Increase (+) Decrease (−) as compared with Revised, 1926-27.
	Rs. 50,38,000	Rs. 81,10,24,000	Rs. +1,59,30,000	Rs. 79,98,07,000	Rs. 1,92,03,000	Rs. 64,02,000	Rs. 82,54,12,000	Rs. +1,43,88,000
1	...	3,64,000	+31,000	3,65,000	...	...	3,65,000	+1,000
2	...	3,35,000	−66,000	3,33,000	...	...	3,33,000	−2,000
3	...	1,22,000	+51,000	1,24,000	...	...	1,24,000	+2,000
4	...	24,76,000	−14,000	25,20,000	...	...	25,20,000	+44,000
5	...	1,62,000	−30,000	1,62,000	...	...	1,62,000	...
6	...	3,57,000	+2,29,000	3,58,000	...	...	3,58,000	+1,000
7	...	1,84,000	+38,000	1,84,000	...	...	1,84,000	...
8	...	16,42,000	+44,000	17,23,000	...	...	17,23,000	+81,000
9	...	...	...	10,000	...	...	10,000	+10,000
10	...	13,03,000	+76,000	12,99,000	...	...	12,99,000	−4,000
11	...	12,55,000	+55,000	13,43,000	...	...	13,43,000	+88,000
12	...	82,00,000	+4,14,000	84,21,000	...	...	84,21,000	+2,21,000
13	25,86,000	4,06,44,000	+1,98,000	2,15,52,000	10,00,000	3,34,000	2,28,86,000	−1,77,58,000
14	12,000	11,25,000	−13,97,000	19,83,000	1,000	...	19,84,000	+8,59,000
15	25,98,000	4,17,69,000	−11,99,000	2,35,35,000	10,01,000	34,000	2,46,70,000	−1,68,99,000
16	...	14,91,000	+4,93,000	17,45,000	...	...	17,45,000	+2,54,000
17	1,19,000	22,56,000	+1,30,000	14,23,000	3,37,000	1,12,000	18,72,000	−3,84,000
18	3,000	17,89,000	+7,85,000	16,10,000	9,000	3,000	16,22,000	−1,67,000
19	1,15,000	15,52,000	+7,55,000	11,76,000	15,000	5,000	11,96,000	−3,56,000
20	2,37,000	55,97,000	+16,70,000	42,09,000	3,61,000	1,20,000	46,90,000	−9,07,000
21	8,73,000	3,11,33,000	+37,27,000	58,57,000	18,96,000	6,32,000	83,85,000	−2,27,48,000
22	3,73,000	24,87,000	−23,000	11,79,000	11,19,000	3,73,000	26,71,000	+1,84,000
23	12,46,000	3,36,20,000	+37,04,000	70,36,000	30,15,000	10,05,000	1,10,56,000	−2,25,64,000
24	...	13,71,000	−1,16,000	12,60,000	...	...	12,60,000	−1,11,000
25	...	1,15,32,000	+2,56,000	57,33,000	...	...	57,33,000	−57,99,000
26	12,46,000	4,65,23,000	+35,44,000	1,40,29,000	30,15,000	10,05,000	1,80,49,000	−2,84,74,000
27	...	5,17,12,000	−28,00,000	...	...	...	...	−5,17,12,000
28	...	49,000	+49,000	...	...	...	...	−49,000
29	...	5,17,61,000	−27,51,000	...	...	...	...	−5,17,61,000
30	11,26,000	52,03,000	+36,03,000	...	12,00,000	4,00,000	16,00,000	−36,03,000
31	...	...	...	1,80,76,000	...	...	1,80,76,000	+1,80,76,000
32	11,26,000	52,03,000	+36,03,000	1,80,76,000	12,00,000	4,00,000	1,96,76,000	+1,44,73,000
33	−5,03,000	32,81,80,000	−2,62,53,000	35,13,96,000	−12,62,000	−4,21,000	34,97,13,000	+2,15,33,000
34	1,27,42,000	1,29,97,48,000	−45,49,000	1,22,12,18,000	2,35,18,000	78,40,000	1,25,25,76,000	−4,71,72,000

* Sterling converted into Rupees at £1=Rs. 10.

B.—Statement of the Expenditure charged to the Revenues

HEADS OF EXPENDITURE.	Accounts, 1925-26. India.	* England.	Exchange.	Total.	Revised India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenues—						
1.—Customs	80,14,666	1,22,249	40,117	81,77,032	81,41,000	1
2.—Taxes on income	57,63,445	81,606	26,851	58,71,902	61,61,000	2
3.—Salt	1,24,69,190	27,859	9,110	1,25,06,159	1,23,03,000	3
4.—Opium	2,10,33,560	85,650	27,934	2,11,47,144	1,05,96,000	4
5.—Land Revenue	12,26,221	3,134	1,026	12,30,381	12,59,000	5
6.—Excise	11,29,933	3,600	1,179	11,34,712	10,58,000	6
7.—Stamps	—1,40,137	6,14,710	2,01,573	6,76,146	1,80,000	7
8.—Forest	27,14,216	2,04,307	66,772	29,85,295	30,49,000	8
9.—Registration	30,430	...	...	30,430	31,000	9
Total	5,22,41,524	11,33,115	3,74,562	5,37,59,201	4,27,78,000	10
Salt and other Capital outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	7,18,044	...	...	7,18,044	5,89,000	11
7A.—Capital outlay on Security Printing Press	...	...	...	...	2,50,000	12
8A.—Forest Capital outlay	...	...	...	...	...	13
Total	7,18,044	...	...	7,18,044	8,39,000	14
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	12,06,983	...	...	12,06,983	12,03,000	15
15.—Other Revenue Expenditure	6,41,995	43,050	14,290	6,99,335	3,15,000	16
Total	18,48,978	43,050	14,290	19,06,318	15,18,000	17
Irrigation, etc., Capital Account (charged to Revenue)—						
16.—Construction of Irrigation, etc., Works—						
Financed from Ordinary Revenues.	1,09,035	...	...	1,09,035	48,000	18
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Postal and Telegraph Department	46,38,461	...	...	46,38,461	53,26,000	19
Indo-European Telegraph Department	4,30,673	...	...	4,30,673	5,17,000	20
Total	50,69,134	...	...	50,69,134	58,43,000	21
Posts and Telegraphs Capital Account (charged to Revenue)—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Postal and Telegraph Department	—1,40,87,446	...	...	—1,40,87,446	18,52,000	22
Indo-European Telegraph Department	—14,10,058	1,79,860	58,779	—11,71,419	1,56,000	23
Total	—1,54,97,504	1,79,860	58,779	—1,52,58,865	20,08,000	24
Debt Services—						
19.—Interest on Ordinary Debt	20,76,20,974	13,07,07,379	4,28,97,788	38,12,26,141	19,94,31,000	25
Deduct—Amount chargeable to—						
Railways	*13,48,02,967*	*7,27,10,080*	*2,38,99,465*	*23,14,12,512*	*14,53,89,000*	26
Irrigation	*12,06,983*	...	...	*12,06,983*	*12,03,000*	27
Posts and Telegraphs	*51,25,932*	...	...	*51,25,932*	*59,20,000*	28
Other heads	*6,45,467*	...	...	*6,45,467*	*10,66,000*	29
Provincial Loans Fund	*5,20,83,051*	...	...	*5,20,83,051*	*5,34,33,000*	30
Remainder chargeable to Ordinary Debt	1,37,56,574	5,79,97,299	1,89,98,323	9,07,52,196	—75,80,000	31
20.—Interest on other Obligations	4,28,12,115	1,01,447	33,582	4,29,47,144	4,93,19,000	32
21.—Reduction or Avoidance of Debt	4,97,25,352	...	...	4,97,25,352	4,97,15,000	33
Total	10,62,94,041	5,80,98,746	1,90,31,905	18,34,24,692	9,14,54,000	34
Carried over	15,07,83,252	5,94,64,771	1,94,79,536	22,97,27,559	14,44,88,000	35

* Sterling converted into Rupees at £1 = Rs. 10.

of the Central Government, in India and in England.

Item No.	Estimate, 1926-27.			Increase (+) Decrease (—) as compared with Budget, 1926-27.	Budget Estimate, 1927-28.				Increase (+) Decrease (—) as compared with Revised, 1926-27.
	* England.	Exchange.	Total.		India.	* England.	Exchange.	Total.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	1,24,000	42,000	83,07,000	—2,41,000	86,03,000	1,41,000	47,000	87,91,000	+4,84,000
2	86,000	29,000	62,76,000	—4,97,000	67,35,000	85,000	28,000	68,48,000	+5,72,000
3	40,000	14,000	1,23,57,000	+9,91,000	1,26,10,000	44,000	15,000	1,26,69,000	+3,12,000
4	49,000	16,000	1,06,61,000	—47,80,000	89,83,000	57,000	19,000	90,59,000	—16,02,000
5	4,000	1,000	12,64,000	—96,000	12,10,000	8,000	3,000	12,21,000	—43,000
6	17,000	6,000	10,81,000	+34,000	11,43,000	9,000	3,000	11,55,000	+74,000
7	...	...	1,80,000	+2,18,000	40,000	...	...	40,000	—1,70,000
8	1,76,000	59,000	32,84,000	—3,18,000	29,97,000	1,88,000	63,000	32,48,000	—36,000
9	...	...	31,000	—2,000	29,000	...	...	29,000	—2,000
10	4,96,000	1,67,000	4,34,41,000	—65,73,000	4,23,20,000	5,32,000	1,78,000	4,30,30,000	—4,11,000
11	...	...	5,89,000	—4,31,000	4,56,000	...	...	4,56,000	—1,33,000
12	...	...	2,50,000	+2,50,000	7,09,000	...	...	7,09,000	+4,59,000
13	...	...	...	...	7,14,000	...	...	7,14,000	+7,14,000
14	...	...	8,39,000	—1,81,000	18,79,000	...	...	18,79,000	+10,40,000
15	...	...	12,03,000	—2,000	12,04,000	...	...	12,04,000	+1,000
16	64,000	22,000	4,01,000	—70,000	4,26,000	54,000	18,000	4,98,000	+97,000
17	64,000	22,000	16,04,000	—72,000	16,30,000	54,000	18,000	17,02,000	+98,000
18	...	...	48,000	—10,000	1,68,000	...	...	1,68,000	+1,20,000
19	...	...	53,26,000	—3,74,000	56,51,000	...	...	56,51,000	+3,25,000
20	...	...	5,17,000	+7,000	5,29,000	...	...	5,29,000	+12,000
21	...	...	58,43,000	—3,67,000	61,80,000	...	...	61,80,000	+3,37,000
22	...	...	18,52,000	—1,50,000	20,00,000	...	...	20,00,000	+1,48,000
23	7,000	2,000	1,65,000	—2,24,000	2,76,000	4,000	1,000	2,81,000	+1,16,000
24	7,000	2,000	20,17,000	—3,74,000	22,76,000	4,000	1,000	22,81,000	+2,64,000
25	13,04,45,000	4,40,87,000	37,39,63,000	—54,54,000	20,26,14,000	12,89,18,000	4,29,73,000	37,45,05,000	+5,42,000
26	*7,42,11,000*	*2,50,81,000*	*24,46,81,000*	—8,00,000	*15,62,08,000*	*7,65,42,000*	*2,55,14,000*	*25,82,64,000*	—1,35,83,000
27	...	...	*12,03,000*	+2,000	*12,04,000*	...	...	*12,04,000*	—1,000
28	...	...	*59,20,000*	+2,90,000	*62,77,000*	...	...	*62,77,000*	—3,57,000
29	...	...	*10,66,000*	+45,000	*13,80,000*	...	...	*13,80,000*	—3,14,000
30	...	...	*5,34,33,000*	—4,51,000	*5,36,05,000*	...	...	*5,36,05,000*	—1,72,000
31	5,62,34,000	1,90,06,000	6,76,60,000	—64,28,000	—1,60,60,000	5,23,76,000	1,74,59,000	5,37,75,000	—1,38,85,000
32	1,31,000	44,000	4,94,94,000	—17,31,000	5,22,95,000	1,38,000	46,000	5,24,79,000	+29,85,000
33	...	...	4,97,15,000	—1,48,000	5,11,80,000	...	...	4,11,80,000	+14,65,000
34	5,63,65,000	1,90,50,000	16,68,69,000	—83,07,000	8,74,15,000	5,25,14,000	1,75,05,000	15,74,34,000	—94,35,000
35	*5,69,32,000	1,92,41,000	22,06,61,000	—1,58,84,000	14,18,68,000	5,31,04,000	1,77,02,000	21,26,74,000	—79, 7, 6

*Sterling converted into Rupees at £1 = Rs. 10.

B.—Statement of the Expenditure charged to the Revenues.

HEADS OF EXPENDITURE.	Accounts, 1924-25. India.	England.*	Exchange.	Total.	Revised India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	15,07,83,253	5,94,64,771	1,94,79,536	22,97,27,559	14,14,88,000	
Civil Administration—						
22.—General Administration—						
A.—Heads of Provinces (including Governor General) and Executive Councils					21,78,000	1
B.—Legislative Bodies					6,18,000	2
C.—Secretariat and Headquarters establishment	1,20,64,578	26,21,188	8,55,876	1,55,41,642	82,39,000	3
D.—Commissioners					...	4
E.—District Administration					17,68,000	5
F.—Home Administration, etc.					...	6
23.—Audit	80,54,806	2,60,891	85,515	84,01,212	81,18,000	7
24.—Administration of Justice	12,06,032	86,436	28,395	13,20,863	14,13,000	8
25.—Jails and Convict Settlements	35,32,904	41,162	13,511	35,87,277	38,86,000	9
26.—Police	92,50,750	2,22,502	72,746	95,45,998	91,30,000	10
27.—Ports and Pilotage	27,98,464	3,26,543	1,06,970	32,39,977	30,98,000	11
28.—Ecclesiastical	22,40,596	7,64,641	2,30,612	31,75,849	23,83,000	12
29.—Political	3,22,22,861	10,82,864	3,54,181	3,36,59,586	3,18,98,000	13
29-A.—Frontier Watch and Ward	...	...	...	...	...	14
30.—Scientific Departments	71,72,659	6,38,145	2,68,331	80,19,135	77,62,000	15
31.—Education	31,21,552	59,349	19,389	32,00,290	37,32,000	16
32.—Medical	26,95,170	1,73,235	56,851	29,25,256	27,85,000	17
33.—Public Health	12,35,465	53,998	17,554	13,06,927	16,57,000	18
34.—Agriculture	25,64,374	1,06,547	35,054	27,05,975	25,63,000	19
35.—Industries	85,51,131	22,078	7,241	85,80,450	84,57,000	20
36.—Aviation	1,16,932	3,825	1,250	1,22,807	15,07,000	21
37.—Miscellaneous Departments	23,30,361	—3,626	—748	23,25,987	8,90,000	22
37-A.—Indian Stores Department					15,94,000	23
Total	9,91,56,075	63,99,628	20,92,728	10,76,48,431	10,30,76,000	24
Currency and Mint—						
38.—Currency	28,66,706	18,93,796	6,23,805	53,84,307	30,40,000	25
39.—Mint	15,57,581	52,361	17,164	16,27,106	15,56,000	26
Total	44,24,287	19,46,157	6,40,969	70,11,413	45,96,000	27
Civil Works—						
41.—Civil Works	1,58,49,179	1,45,031	47,588	1,60,41,798	1,58,47,000	28
Miscellaneous—						
43.—Famine Relief and Insurance—						
A.—Famine Relief	1,12,063	...	...	1,12,063	1,14,000	29
44.—Territorial and Political Pensions	28,36,914	1,05,410	34,318	29,76,642	29,76,000	30
45.—Superannuation Allowances and Pensions	36,37,772	1,99,78,693	62,50,310	2,89,66,775	15,14,000	31
45-A.—Commutation of pensions financed from Ordinary Revenue	...	...	...	...	...	32
46.—Stationery and Printing	19,15,448	11,45,187	3,72,888	34,31,523	25,04,000	33
47.—Miscellaneous	53,10,854	13,37,224	4,34,918	70,72,996	54,75,000	34
Total	1,38,11,051	2,16,56,514	70,92,434	4,25,59,999	1,25,83,000	35
Military Services—						
48.—Army—						
Effective	39,03,71,737	6,58,13,053	2,15,63,073	47,75,87,863	38,52,28,000	36
Non-effective	3,53,34,625	3,12,29,714	1,02,30,147	7,67,94,486	5,47,04,000	37
	42,56,06,362	9,70,42,766	3,17,33,220	55,43,82,348	41,99,32,000	38
49.—Marine	42,48,915	18,69,037	6,12,076	67,30,028	41,65,000	39
50.—Military Engineer Services	4,23,73,009	3,40,653	1,11,008	4,28,24,669	4,43,37,000	40
Total	47,22,28,286	9,92,52,455	3,24,56,304	60,39,37,045	46,84,34,000	41
Contributions and miscellaneous adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous adjustments between the Central and Provincial Governments.	15,68,166	...	...	15,68,166	4,72,000	42
Extraordinary Items—						
52.—Extraordinary Payments	25,76,854	...	...	25,76,854	5,00,000	43
52-A.—Transfers to Revenue Reserve Fund	...	...	...	...	2,82,04,000	44
Total	25,76,854	...	...	25,76,854	2,87,04,000	45
Railway Expenditure as per Railway Budget	17,31,75,335	8,72,75,849	2,86,58,022	28,91,09,206	15,37,02,000	46
Total Expenditure charged to Revenue	93,35,72,485	27,61,40,405	9,04,67,581	1,30,01,80,471	93,45,02,000	47

* Sterling converted into Rupees at £1 = Rs. 10.

of the Central Government, in India and in England—*contd.*

Item No.	Estimate, 1926-27. * England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1926-27.	Budget Estimate, 1927-28. India.	* England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1926-27.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	5,69,32,000	1,92,41,000	22,06,61,000	—1,58,84,000	14,18,68,000	5,31,04,000	1,77,02,000	21,26,74,000	—79,87,000
1	...	...	21,78,000	+49,000	21,51,000	...	...	21,51,000	—27,000
2	...	...	6,18,000	—55,000	6,33,000	...	...	6,33,000	+15,000
3	...	...	82,39,000	—5,04,000	91,86,000	...	...	91,86,000	+9,47,000
4	...	...	...	...	...	...	...	...	...
5	...	...	17,68,000	—78,000	18,72,000	...	...	18,72,000	+1,04,000
6	29,99,000	10,14,000	40,13,000	—75,000	...	34,99,000	11,66,000	46,65,000	+6,52,000
7	2,78,000	94,000	84,90,000	—36,000	84,57,000	2,98,000	99,000	88,54,000	+3,64,000
8	36,000	12,000	14,61,000	—97,000	13,40,000	58,000	19,000	14,17,000	—44,000
9	26,000	9,000	39,21,000	+1,91,000	39,74,000	38,000	13,000	40,25,000	+1,04,000
10	1,47,000	50,000	93,27,000	—3,84,000	70,47,000	2,04,000	68,000	73,19,000	—20,08,000
11	3,27,000	1,10,000	35,35,000	—2,03,000	31,15,000	3,81,000	1,27,000	36,23,000	+88,000
12	6,86,000	2,32,000	33,00,000	—3,43,000	24,80,000	6,85,000	2,29,000	33,94,000	+94,000
13	7,82,000	2,64,000	3,29,44,000	—3,36,000	1,24,72,000	8,85,000	2,95,000	1,46,52,000	—1,82,92,000
14	...	...	...	...	2,43,53,000	10,000	3,000	2,43,66,000	+2,43,66,000
15	7,51,000	2,54,000	87,67,000	+31,000	87,99,000	8,39,000	2,80,000	99,69,000	+11,42,000
16	71,000	24,000	38,27,000	—51,000	51,99,000	74,000	25,000	52,98,000	+14,71,000
17	1,97,000	67,000	30,49,000	—28,000	27,02,000	1,66,000	55,000	29,23,000	—1,26,000
18	1,05,000	35,000	17,97,000	—1,30,000	15,41,000	82,000	28,000	16,41,000	—1,56,000
19	1,25,000	42,000	27,50,000	—2,03,000	28,96,000	1,08,000	36,000	30,40,000	+3,10,000
20	30,000	10,000	84,97,000	—5,73,000	7,74,000	48,000	16,000	8,38,000	—76,59,000
21	3,000	1,000	15,11,000	+11,57,000	3,96,000	3,000	1,000	4,00,000	—11,11,000
22			11,87,000		9,37,000			12,37,000	
23	2,22,000	75,000	15,94,000	—1,09,000	17,07,000	2,25,000	75,000	17,07,000	+1,63,000
24	67,84,000	22,93,000	11,27,53,000	—17,77,000	10,30,12,000	76,03,000	25,35,000	11,31,50,000	+3,97,000
25	23,35,000	7,89,000	61,64,000	+62,000	31,56,000	17,82,000	5,94,000	55,32,000	—6,32,000
26	53,000	18,000	16,27,000	—95,000	18,76,000	58,000	19,000	19,53,000	+3,26,000
27	23,88,000	8,07,000	77,91,000	—33,000	50,32,000	18,40,000	6,13,000	74,85,000	—3,06,000
28	1,33,000	45,000	1,90,25,000	+10,14,000	1,66,09,000	67,000	22,000	1,66,98,000	—23,27,000
29	...	...	1,14,000	+54,000	...	...	...	...	—1,14,000
30	1,11,000	38,000	31,25,000	+93,000	28,97,000	1,11,000	37,000	30,45,000	—80,000
31	1,86,46,000	63,02,000	2,64,62,000	+4,75,000	11,96,000	1,83,21,000	61,07,000	2,56,24,000	—8,38,000
32	...	...	...	...	5,13,000	...	...	5,13,000	+5,13,000
33	5,22,000	1,76,000	32,02,000	—2,94,000	25,73,000	7,27,000	2,42,000	35,42,000	+3,40,000
34	13,81,000	4,67,000	73,23,000	+2,67,000	53,07,000	12,63,000	4,21,000	69,91,000	—3,32,000
35	2,06,60,000	69,83,000	4,02,26,000	+5,95,000	1,24,86,000	2,04,22,000	68,07,000	3,97,15,000	—5,11,000
36	6,20,37,000	2,09,67,000	46,82,32,000	+1,16,27,000	35,29,61,000	5,95,44,000	1,98,48,000	43,23,53,000	—3,58,79,000
37	3,54,47,000	1,19,80,000	8,21,31,000	—23,48,000	3,52,86,000	3,58,89,000	1,19,63,000	8,31,38,000	+10,07,000
38	9,74,84,000	3,29,47,000	55,03,63,000	+92,79,000	38,82,47,000	9,54,33,000	3,18,11,000	51,54,91,000	—3,48,72,000
39	19,60,000	6,63,000	67,89,000	—10,92,000	49,88,000	23,04,000	7,68,000	80,60,000	+12,72,000
40	4,00,000	1,35,000	4,48,72,000	+20,57,000	4,32,65,000	3,25,000	1,08,000	4,36,98,000	—11,74,000
41	9,98,44,000	3,37,45,000	60,20,23,000	+1,02,44,000	43,65,00,000	9,80,62,000	3,26,87,000	56,72,49,000	—3,47,74,00
42	...	...	4,72,000	—1,28,000	...	...	...	...	—4,72,000
43	...	...	5,00,000	...	7,00,000	...	...	7,00,000	+2,00,000
44	...	...	2,82,04,000	+2,82,04,000	...	...	...	...	—2,82,04,000
45	...	...	2,87,04,000	+2,82,04,000	7,00,000	...	...	7,00,000	—2,80,04,000
46	8,62,43,000	2,91,48,000	26,30,93,000	—2,62,53,000	17,75,57,000	8,80,11,000	2,93,37,000	29,49,05,000	+2,68,12,000
47	27,29,84,000	9,22,62,000	1,29,97,48,000	—40,18,000	89,37,64,000	26,91,09,000	8,97,03,000	1,25,25,76,000	—4,71,72,000

* Sterling converted into Rupees at £1=Rs. 10.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1925-26.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,27,46,02,115	4,42,72,029	1,31,88,74,144
Exchange added to Revenue	1,44,24,514	...	1,44,24,514
Total	1,28,90,26,629	4,42,72,029	1,33,32,98,658
Railway Capital not charged to Revenue—			
As per Railway Budget	21,50,537	55,65,000	77,15,537
Public Debt Incurred—			
Permanent Debt—			
Sterling Debt—			
7 per cent. Stock	...	94,137	
5½ per cent. Stock	...	10,49,816	
4½ per cent. Stock	...	9,15,247	
Rupee Debt—			
New Rupee Loan	...	...	
5 per cent. Bonds, 1923	500	...	
5 per cent. Bonds, 1935	4,72,65,800	...	
5 per cent. Loan, 1945—55	25,88,51,300	...	
4 per cent. Loans 1960-70	...	...	
3½ per cent. Loan	...	...	
Total	30,61,17,600	20,59,200	30,81,76,800
Floating Debt—			
Treasury Bills—			
Issued to Public	35,000	...	
Issued to Paper Currency Reserve	49,65,00,000	...	
Total	49,65,35,000	...	49,65,35,000
Carried over	2,09,38,29,766	5,18,96,229	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England.

Revised Estimate, 1926-27.			Budget Estimate, 1927-28.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,24,93,05,000	3,77,01,000	1,28,70,06,000	1,22,12,18,000	2,35,18,000	1,24,47,36,000
1,27,42,000	...	1,27,42,000	78,40,000	...	78,40,000
1,26,20,47,000	3,77,01,000	1,29,97,48,000	1,22,90,58,000	2,35,18,000	1,25,25,76,000
...	...	...	64,73,000	1,94,19,000	2,58,92,000
...	1,02,000		...	...	
...	11,16,000		...	11,87,000	
...	9,66,000		...	10,19,000	
...	...		27,00,00,000	...	
...	...		...	...	
...	...		...	...	
...	...		...	...	
29,49,71,000	...		...	...	
22,44,000	...		15,40,000	...	
29,72,15,000	21,84,000	29,93,99,000	27,15,40,000	22,06,000	27,37,46,000
...	...		...	...	
49,65,00,000	...		41,47,00,000	...	
49,65,00,000	...	49,65,00,000	41,47,00,000	...	41,47,00,000
2,05,57,62,000	3,98,85,000		1,92,17,71,000	4,51,43,000	

* Sterling converted into Rupees at £1 = Rs. 10.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1925-26.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Brought forward	2,09,38,29,766	5,18,96,229	
Unfunded Debt—			
Deposits of Service Funds	11,56,082	2,65,372	
Post Office Cash Certificates	9,55,56,358	...	
Savings Bank Deposits	28,19,61,436	3,26,152	
Total	37,86,73,876	5,91,524	37,92,65,400
Deposits and Advances—			
Deposits of Local Funds—			
District Funds	15,18,57,894	...	
Other Funds	9,01,46,169	...	
Sinking Funds for Central Loans	97,21,000	...	
Other appropriations for Reduction or Avoidance of Debt	4,00,04,353	...	
Sinking Fund Investment Account	...	...	
Sinking Funds for loans granted to local bodies	3,51,674	...	
Gold Standard Reserve	...	50,40,81,657	
Paper Currency Reserve	...	1,04,64,39,715	
Deposits of Branch Line Companies	6,44,214	...	
Posts and Telegraphs Depreciation Fund	33,54,573	...	
Provincial Loans Fund	15,23,75,989	...	
Departmental and Judicial Deposits	91,20,65,946	...	
Advances	17,49,10,144	25,96,918	
Discount Sinking Fund	...	...	
Suspense	10,81,10,240	1,62,66,936	
Exchange on Remittance Accounts	...	...	
Miscellaneous	35,51,459	34,70,983	
Revenue Reserve Fund	...	...	
Total	1,64,70,93,655	1,57,28,56,209	3,21,99,49,864
Railway Depreciation and Reserve Funds as per Railway Budget	14,46,18,972	...	14,46,18,972
Carried over	4,26,42,16,269	1,62,53,43,962	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

Revised Estimate, 1926-27.			Budget Estimate, 1927-28.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,05,57,62,000	3,98,85,000		1,92,17,71,000	4,51,43,000	
11,18,000	4,25,000		11,18,000	3,37,000	
7,84,00,000	...		7,20,00,000	...	
29,80,87,000	3,20,000		30,05,73,000	3,20,000	
37,86,15,000	7,45,000	37,93,60,000	37,36,91,000	6,57,000	37,43,48,000
	...				
	...				
15,61,61,000	...		14,41,99,000	...	
9,46,84,000	...		9,35,36,000	...	
1,43,56,000	...		1,48,52,000	...	
3,61,11,000	...		3,75,76,000	...	
52,95,000	...		...	...	
3,66,000	...		3,80,000	...	
...	33,41,67,000		...	25,16,09,000	
...	91,53,53,000		...	10,00,00,000	
13,67,000	...		6,62,000	...	
33,74,000	...		36,68,000	...	
11,87,29,000	...		10,33,84,000	...	
87,67,58,000	...		87,32,51,000	...	
17,60,78,000	6,06,000		15,30,85,000	3,98,000	
...	...		4,37,000	...	
6,51,27,000	1,83,53,000		1,62,14,000	1,85,53,000	
10,41,25,000	...		...	...	
8,54,17,000	1,11,15,000		2,60,000	1,07,24,000	
2,82,04,000	...		...	...	
1,76,61,52,000	1,27,85,94,000	3,04,57,46,000	1,44,15,09,000	38,12,84,000	1,82,27,93,000
11,04,11,000	...	11,04,11,000	13,11,58,000	...	13,11,58,000
4,31,09,40,000	1,32,02,24,000		3,86,81,29,000	42,70,84,000	

* Sterling converted into Rupees at £1 = Rs. 10.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1925-26.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Brought forward	4,26,42,16,269	1,62,53,43,962	
Loans and Advances by the Central Government—			
Advances to the Provincial Loans Fund	...	...	
Other Loans and Advances	1,00,44,869	...	
Total	1,00,44,869	...	1,00,44,869
Remittances—			
Remittances within India—			
Inland Money Order	91,89,22,023	...	
Other Local Remittances	...	...	
Other Departmental Accounts	700	...	
Net Receipts by Civil Treasuries from—			
Railways	12,14,99,145	...	
Posts and Telegraphs	6,79,13,189	...	
Net Receipts from Civil Treasuries by—			
Marine	35,08,846	...	
Army and Military Engineer Services	39,64,42,513	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	1,97,58,230	
Other transactions	1,67,14,660	2,45,26,718	
Remittances from India for financing Home Treasury	...	46,31,65,000	
Sale of Sterling	...	...	
Transfers through the Paper Currency Reserve	9,00,25,714	...	
Total	1,61,50,26,790	50,74,49,948	2,12,24,76,738
Balances of Provincial Governments	5,86,09,409	...	5,86,09,709
Total Receipts	5,94,78,97,337	2,13,27,93,910	
Opening Balance	31,73,60,743	13,51,68,257 (a)	
GRAND TOTAL	6,26,52,58,080	2,26,79,62,167	

* Sterling converted into Rupees at £1 = Rs. 10.

(a) Of this amount, Rs. 31,860 represents the funds of the Gold Standard Reserve.

Delhi,

Finance Department ;

The 28th February 1927.

Central Government, in India and in England—*contd.*

Revised Estimate, 1926-27.			Budget Estimate, 1927-28.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,31,09,40,000	1,32,02,24,000		3,86,81,29,000	42,70,84,000	
...	...		...	...	
1,54,72,000	...		77,76,000	...	
1,54,72,000	...	1,54,72,000	77,76,000	...	77,76,000
	...				
94,00,00,000	...		96,02,00,000	...	
36,27,000	...		5,25,000	...	
4,10,06,000	...		3,37,35,000	...	
5,26,20,000	.....		6,58,08,000	...	
5,29,19,000	...		3,53,80,000	...	
31,61,000	...		39,94,000	...	
38,99,23,000	...		38,70,56,000	...	
...	1,37,00,000		...	1,04,50,000	
49,47,000	3,05,92,000		49,31,000	2,50,50,000	
...	5,50,00,000		...	35,50,00,000	
1,42,50,000	...		...	...	
...	23,42,50,000		...	...	
1,50,24,53,000	33,35,42,000	1,83,59,95,000	1,49,16,29,000	39,05,00,000	1,88,21,29,000
...	...	...	...	...	...
5,82,88,65,000	1,65,37,66,000 (b)		5,36,75,34,000	81,75,84,000 (b)	
25,14,88,041	15,04,63,055		24,73,44,041	5,24,32,055	
6,08,03,53,041	1,80,42,29,055		5,61,48,78,041	87,00,16,055	

* Sterling converted into Rupees at £1 = Rs. 10.

(b) Of this amount, Rs. 8,249 represents the funds of the Gold Standard Reserve.

M. F. GAUNTLETT,
Auditor General.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1925-26.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	93,35,72,485	27,61,40,405	1,20,97,12,890
Exchange charged as Expenditure	9,04,67,581	...	9,04,67,581
Total	1,02,40,40,066	27,61,40,405	1,30,01,80,471
Irrigation, Posts and Telegraphs and other Capital not charged to Revenue—			
Capital outlay on Security Printing	12,92,866	3,46,752	16,39,618
Construction of Irrigation Works	—96,675	...	—96,675
Capital outlay on Posts and Telegraphs	2,12,49,587	11,04,552	2,23,54,139
Capital outlay on Vizagapatam Port	56,90,892	7,85,861	64,76,753
Currency Capital outlay	...	...	...
Initial Expenditure on new Capital at Delhi	96,42,819	2,63,365	99,06,184
Payment of Commuted value on Pensions	...	...	...
Total	3,77,79,489	25,00,530	4,02,80,019
Railway Capital not charged to Revenue—			
As per Railway Budget	12,82,32,916	10,67,52,462	23,49,85,378
Public Debt Discharged—			
Permanent Debt—			
Sterling Debt—			
7 p. c. Stock	...	...	
State Railway annuities	...	1,30,23,830	
Do. Do. Sinking Funds	...	36,41,000	
Redemption of liabilities assumed in respect of British War Loan (1929-47)	...	48,76,819	
Rupee Debt—			
6 p. c. Bonds, 1926	17,84,40,600	...	
Do. Do. 1927	7,40,88,700	...	
Other 6 p. c. Bonds	...	...	
5½ p. c. War Bonds, 1920	3,67,74,150	...	
Other 5½ p. c. War Bonds, 1928	3,55,59,325	...	
5 p. c. War Loan, 1929-47	9,54,500	...	
Do. Loan, 1945-55	9,00,000	...	
4 p. c. Terminable Loan	96,100	...	
Other Loans	1,57,002	...	
Total	32,69,70,377	2,15,41,649	34,85,12,026
Carried over	1,51,70,22,848	40,69,35,046	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

Revised Estimate, 1926-27.			Budget Estimate, 1927-28.		
India.	*England.	Total.	India.	*England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
93,45,02,000	27,29,84,000	1,20,74,86,000	89,37,64,000	26,91,09,000	1,16,28,73,000
9,22,62,000	...	9,22,62,000	8,97,03,000	...	8,97,03,000
1,02,67,64,000	27,29,84,000	1,29,97,48,000	98,34,67,000	26,91,09,000	1,25,25,76,000
15,82,000	86,000	16,68,000	12,000	...	12,000
—76,000	...	—76,000	16,000	...	16,000
21,59,000	9,76,000	31,35,000	49,21,000	8,81,000	58,02,000
28,64,000	9,50,000	38,14,000	36,93,000	2,50,000	39,43,000
8,55,000	6,000	8,61,000	14,90,000	4,33,000	19,23,000
72,73,000	2,27,000	75,00,000	66,58,000	3,42,000	70,00,000
35,00,000	...	35,00,000	33,35,000	...	33,35,000
1,81,57,000	22,45,000	2,04,02,000	2,01,25,000	19,06,000	2,20,31,000
18,41,54,000	11,21,89,000	29,63,43,000	17,32,97,000	10,98,89,000	28,31,86,000
...	99,91,000		...	...	
...	1,34,72,000		...	1,39,39,000	
...	20,00,000		...	20,00,000	
...	51,20,000		...	53,76,000	
19,75,36,000	...		28,00,000	...	
2,39,22,000	...		17,50,00,000	...	
2,000	...		...	...	
1,01,00,000	...		...	...	
10,09,000	...		5,40,000	...	
...	...		...	...	
2,000	...		...	...	
60,000	...		50,000	...	
26,74,000	...		18,00,000	...	
23,53,05,000	3,05,83,000	26,58,88,000	18,01,90,000	2,13,15,000	20,15,05,000
1,46,43,80,000	41,80,01,000		1,35,70,79,000	40,22,19,000	

* Sterling converted into Rupees at £1 = Rs. 10.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1925-26.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Brought forward	1,51,70,22,848	40,69,35,046	
Floating Debt—			
Treasury Bills—			
Issued to Public	60,000	...	
Do. Paper Currency Reserve	49,65,00,000	...	
Total	49,65,60,000	...	49,65,60,000
Unfunded Debt—			
Special Loans	2,18,210	...	
Deposits of Service Funds	14,85,027	23,205	
Post Office Cash Certificates	1,70,69,894	...	
Savings Bank Deposits	22,58,29,601	88,927	
Total	24,46,02,732	1,12,132	24,47,14,864
Deposits and Advances—			
Deposits of Local Funds—			
District Funds	14,85,29,652	...	
Other Funds	8,74,78,465	...	
Sinking Funds for Central Loans	47,438	...	
Sinking Fund Investment Account	97,22,357	...	
Gold Standard Reserve	...	50,41,05,269	
Paper Currency Reserve	...	1,04,64,39,715	
Deposits of Branch Line Companies	2,52,767	...	
Posts and Telegraphs Depreciation Fund	33,790	...	
Provincial Loans Fund	15,03,47,051	...	
Departmental and Judicial Deposits	91,19,66,887	...	
Advances	17,34,02,927	49,32,885	
Discount Sinking Fund	...	...	
Suspense	57,66,084	1,64,79,026	
Exchange on Remittance Accounts	4,09,91,786	...	
Miscellaneous	1,55,19,256	85,60,010	
Revenue Reserve Fund	...	...	
Total	1,54,40,58,460	1,58,05,16,905	3,12,45,75,365
Railway Depreciation and Reserve Funds as per Railway Budget	8,45,19,968	...	8,45,19,968
Carried over	3,88,67,64,008	1,98,75,64,083	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

Revised Estimate, 1926-27.			Budget Estimate, 1927-28.		
India.	*England.	Total.	India.	*England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,46,43,80,000	41,80,01,000		1,35,70,79,000	40,22,19,000	
15,000	...		...	...	
57,83,00,000	...		41,47,00,000	...	
57,83,15,000	...	57,83,15,000	41,47,00,000	...	41,47,00,000
20,000	...		20,000	...	
14,69,000	20,000		14,92,000	20,000	
1,76,00,000	...		1,80,00,000	...	
23,30,75,000	1,00,000		23,83,77,000	1,00,000	
25,21,64,000	1,20,000	25,22,84,000	25,78,89,000	1,20,000	25,80,09,000
15,61,74,000	...		14,23,70,000	...	
9,30,62,000	...		9,11,10,000	...	
...	...		...	...	
1,96,51,000	...		1,48,52,000	...	
...	33,41,67,000		...	25,16,09,000	
7,95,72,000	91,53,53,000		...	10,00,00,000	
7,14,000	...		10,01,000	...	
44,000	...		81,000	...	
11,95,28,000	...		10,41,20,000	...	
87,83,21,000	...		87,20,53,000	...	
16,56,20,000	2,44,000		14,62,55,000	1,15,000	
3,53,97,000	...		...	...	
2,53,00,000	1,77,50,000		1,60,95,000	1,84,90,000	
...	...		52,10,000	...	
10,35,000	1,12,94,000		...	1,07,80,000	
...	...		1,80,76,000	...	
1,57,44,18,000	1,27,88,08,000	2,85,32,26,000	1,41,12,23,000	38,09,94,000	1,79,22,17,000
8,07,06,000	...	8,07,06,000	9,00,00,000	...	9,00,00,000
3,94,99,83,000	1,69,69,29,000		3,53,08,91,000	78,33,33,000	

* Sterling converted into Rupees at £1 = Rs. 10.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1925-26.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Brought forward	3,88,67,64,008	1,98,75,64,083	
Loans and Advances by the Central Government—			
Advances to the Provincial Loans Fund	8,17,24,000	...	
Other Loans and Advances	1,75,65,477	...	
Total	9,92,89,477	...	9,92,89,477
Remittances—			
Remittances within India—			
Inland Money Orders	91,91,02,219	...	
Other Local Remittances	16,37,772	...	
Other Departmental Accounts	69,00,139	...	
Net Payments into Civil Treasuries by—			
Railways	12,23,99,092	...	
Posts and Telegraphs	6,80,21,207	...	
Net Issues from Civil Treasuries to—			
Marine	35,02,166	...	
Army and Military Engineer Services	39,39,54,344	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	1,98,30,170	...	
Other transactions	2,92,04,445	1,33,25,248	
Remittances from India for financing Home Treasury	46,31,65,000	...	
Sale of Sterling	...	...	
Transfers through the Paper Currency Reserve	...	9,00,25,714	
Total	2,02,77,16,554	10,33,50,962	2,13,10,67,516
Balances of Provincial Governments	...	2,65,84,067	2,65,84,067
Total Disbursements	6,01,37,70,039	2,11,74,99,112	
Closing Balance	25,14,88,041	(b) 15,04,63,055	
GRAND TOTAL	6,26,52,58,080	2,26,79,62,167	

H. DENNING,

Controller of the Currency.

Central Government, in India and in England—*contd.*

Revised Estimate, 1926-27.			Budget Estimate, 1927-28.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,94,99,83,000	1,69,69,29,000		3,53,08,91,000	78,33,33,000	
4,81,39,000	...		1,23,78,000	...	
1,92,78,000	...		2,57,00,000	...	
6,74,17,000	...	6,74,17,000	3,80,78,000	...	3,80,78,000
94,02,50,000	...		96,04,50,000	...	
31,68,000	...		6,47,000	...	
3,49,64,000	...		3,44,27,000	...	
5,26,20,000	...		6,58,08,000	...	
5,29,19,000	...		3,53,80,000	...	
31,61,000	...		39,94,000	...	
38,99,23,000	...		38,70,56,000	...	
1,37,00,000	...		1,04,50,000	...	
2,28,24,000	1,25,53,000		1,81,60,000	1,22,52,000	
5,50,00,000	...		35,50,00,000	...	
...	1,42,50,000		... ...	...	
23,42,50,000	...		...	...	
1,80,27,79,000	2,68,03,000	1,82,95,82,000	1,87,13,72,000	1,22,52,000	1,88,36,24,000
1,28,30,000	2,80,65,000	4,08,95,000	2,75,48,000	2,43,44,000	5,18,92,000
5,83,30,09,000	1,75,17,97,000		5,46,78,89,000	81,99,29,000	
24,73,44,041	(b) 5,24,32,055		14,69,89,041	(b) 5,00,87,055	
6,08,03,53,041	1,80,42,29,055		5,61,48,78,041	87,00,16,055	

A. F. L. BRAYNE,

Secretary to the Government of India.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	Accounts, 1925-26.		Revised Estimate, 1926-27.		Budget Estimate, 1927-28.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	46,96,18,017	...	46,86,64,000	...	47,76,46,000	...
Taxes on Income	15,27,21,537	...	15,22,71,000	...	16,26,57,000	...
Salt	5,07,90,619	...	5,46,43,000	...	5,73,31,000	...
Opium	2,63,52,437	...	3,11,90,000	...	2,92,49,000	...
Other Heads	1,52,02,907	...	1,68,02,000	...	1,70,43,000	...
TOTAL	70,86,85,517	...	72,35,70,000	...	74,39,26,000	...
Salt and other Capital Outlay charged to Revenue	...	7,18,044	...	8,39,000	...	18,79,000
Irrigation	...	8,11,956	...	6,79,000	...	8,34,000
Railways	5,49,03,569	...	6,00,87,000	...	5,45,08,000	...
Post and Telegraphs	1,88,24,960	...	...	29,68,000	...	26,54,000
Debt Services	...	14,12,29,372	...	12,87,21,000	...	12,58,21,000
Civil Administration	...	9,86,50,738	...	10,45,53,000	...	10,47,29,000
Currency and Mint	3,93,77,688	...	3,39,78,000	...	1,73,85,000	...
Civil Works	...	1,47,56,633	...	1,75,34,000	...	1,49,53,000
Miscellaneous	...	3,71,42,127	...	,29,000	...	3,50,25,000
Military Services	...	55,99,85,654	...	55,55,00,000	...	54,92,00,000
Provincial Contributions and Miscellaneous adjustments between Central and Provincial Governments.	6,08,40,677	...	5,12,89,000	...	...	...
Extraordinary Items	37,80,300	...	...	2,35,01,000	1,89,76,000	...
TOTA	64,12,711	85,32,94,524	86,89,24,000	86,89,24,000	83,50,95,000	83,50,95,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*concld.*

Receipts and charges.	Accounts, 1925-26.		Revised Estimate, 1926-27.		Budget Estimate, 1927-28.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus	3,31,18,187	...	...	...	...	...
Capital Account—						
Capital outlay on Security Printing	...	16,39,618	...	16,68,000	...	12,000
Construction of Irrigation Works	...	—96,675	...	—76,000	...	16,000
Capital outlay on Posts and Telegraphs	...	2,23,54,139	...	31,35,000	...	58,02,000
Capital outlay on Vizagapatam Port	...	64,76,753	...	38,14,000	...	39,43,000
Currency Capital outlay	...	...	...	8,61,000	...	19,23,000
Initial expenditure on new Capital at Delhi	...	99,06,184	...	75,00,000	...	70,00,000
Payment of commuted value of pensions	...	...	...	35,00,000	...	33,35,000
Railway Capital not charged to Revenue	...	22,72,69,841	...	29,63,43,000	...	25,72,94,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	...	4,03,35,226	3,35,11,000	...	7,22,41,000	...
Floating Debt	...	25,000	...	8,18,15,000	...	...
Unfunded Debt	13,45,50,536	...	12,70,76,000	...	11,63,39,000	...
Deposits and Advances	15,54,73,503	...	22,22,25,000	...	7,17,34,000	...
Loans and Advances by Central Government	...	8,93,44,608	...	5,19,45,000	...	3,03,02,000
Remittances	...	85,90,778	64,13,000	...	...	14,95,000
Balances of Provincial Governments	3,20,25,343	...	...	4,08,95,000	...	5,18,92,000
Opening Balance	45,25,20,000	...	40,19,51,096	...	29,97,76,096	...
Closing Balance	...	40,19,51,096	...	29,97,76,096	...	19,70,76,096
Total	80,76,96,568	80,76,96,568	79,11,76,096	79,11,76,096	56,00,90,096	56,00,90,096

M. F. GAUNTLETT, *Auditor General.*

H. DENNING, *Controller of the Currency.*

A. F. L. BRAYNE, *Secretary to the Government of India.*

DELHI,
FINANCE DEPARTMENT;
The 28th February 1927.

THE INDIAN FINANCE BILL.

INTRODUCED IN THE LEGISLATIVE ASSEMBLY ON THE 28TH FEBRUARY 1927.

A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax; It is hereby enacted as follows :—

VI of 1898. VIII of 1894. II of 1899. X of 1923.

Short title, extent and duration.

1. (*1*) This Act may be called the Indian Finance Act, 1927.

(*2*) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(*3*) Sections 2 and 3 shall remain in force only up to the 31st day of March, 1928.

XII of 1882.

Fixation of salt duty.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, with effect from the 1st day of April, 1927, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

Postal rates.

3. With effect from the 1st day of April, 1927, the schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act.

VI of 1898.

Amendment of Act VIII of 1894.

4. With effect from the 1st day of March, 1927, the following amendments shall be made in the Indian Tariff Act, 1894, namely :—

VIII of 1894.

(*1*) In the Second Schedule to that Act there shall be made the amendments specified in Part I of the Second Schedule to this Act.

(*2*) In the Third Schedule to that Act there shall be made the amendments specified in Part II of the Second Schedule to this Act.

Amendment of Act II of 1899.

5. With effect from the 1st day of July, 1927, the following amendments shall be made in the Indian Stamp Act, 1899, namely :—

II of 1899.

(*1*) In section 3—

(*a*) in clause (*b*), the word "cheque" shall be omitted, and after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted; and

(*b*) in clause (*c*), the word "cheque" shall be omitted.

(2) In clause (*b*) of section 11, the word "cheques" shall be omitted.

(3) In sub-section (1) of section 18, the word "cheque" shall be omitted.

(4) In section 19, after the words "bill of exchange", where they first occur, the words "payable otherwise than on demand" shall be inserted, and the word "cheque", in both places where it occurs, shall be omitted.

(5) In section 47, for the words "promissory note or cheque" the words "or promissory note" shall be substituted, and for the words "note or cheque", wherever they occur thereafter, the words "or note" shall be substituted.

(6) In clause (*c*) of section 49,—

(*a*) the word "cheques" shall be omitted, and after the words "bills of exchange" the words "payable otherwise than on demand" shall be inserted;

(*b*) the words "or cheque", wherever they occur, shall be omitted;

(*c*) the word "cheque", wherever it occurs elsewhere, shall be omitted; and

(*d*) for the words "any bill of exchange", where they occur for the first time in sub-clauses (*1*) and (*3*), the words "any such bill of exchange" shall be substituted.

(7) In clause (*a*) of sub-section (*1*) of section 62 the word "cheque" shall be omitted, and after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted.

(8) In section 67, after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted.

(9) In article No. 13 of Schedule I, the word, figure and brackets "and (*3*)" shall be omitted, and the letter, brackets and words "(*a*) where payable on demand", together with the entry "one anna" in the second column against those words, shall be omitted.

(10) Article No. 21 of Schedule I shall be omitted.

Amendment of Act X of 1923.

6. In sub-section (7) of section 19 of the Indian Paper Currency Act, 1923, for the figures "1927" the figures "1928" shall be substituted. X of 1923.

Income-tax and super-tax.

7. (*1*) Income-tax for the year beginning on the 1st day of April, 1927, shall be charged at the rates specified in Part I of the Third Schedule.

(2) The rates of super-tax for the year beginning on the 1st day of April, 1927, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Third Schedule. XI of 1922.

(3) For the purposes of the Third Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922. XI of 1922.

It is hereby declared that it is expedient in the public interest that the provisions of clause 4 of this Bill should have temporary effect under the provisions of the Provisional Collection of Taxes Act, 1918. XVI of 1918.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

(*See section 3.*)

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

(*See section 7.*)

Letters.

For a weight not exceeding two and a half tolas	One anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas.	One anna.

Postcards.

Single	Half an anna.
Reply	One anna.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof	Half an anna.

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas .	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas .	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas .	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas . .	Four annas."

SCHEDULE II.

[*See section 4.*]

PART I.

Amendments to the Second Schedule to the Indian Tariff Act, 1894.

(1) (*a*) For item No. 10-A, the following Item shall be substituted, namely :—

"10-A RUBBER STUMPS, rubber seeds and raw rubber."

(*b*) In Item No. 76, for the words "excluding oil-seeds imported into British India by sea from the territories of any Prince or Chief in India (*see* No. 6)" the words "not otherwise specified" shall be substituted.

(2) For Item No. 36, the following Item shall be substituted, namely :—

"36	TOBACCO, unmanufactured	Pound	Rs. A. 1 8	»

(3) (*a*) After Item No. 42, the following heading and Item shall be inserted, namely :—

"CARRIAGES AND CARTS.

42-A.	MOTOR CARS, motor cycles, and motor scooters, and articles (other than rubber tyres and tubes) adapted for use as parts and accessories thereof; provided that such articles as are ordinarily also used for other purposes than as parts and accessories of motor vehicles included in this item or in No. 87 shall be dutiable at the rate of duty specified for such articles.	*Ad valorem*	20 per cent."

(*b*) In Item No. 87, for the figures "127" the figures and letter "42-A" shall be substituted.

(*c*) In Item No. 115, for the words and figures "Nos. 53, and 139" the word and figures "No. 53" shall be substituted.

(*d*) Items Nos. 127 and 139 shall be omitted.

PART II.

Amendment to the Third Schedule to the Indian Tariff Act, 1894.

1. In Item No. 3 and the heading thereto, the words "HIDES AND" shall be omitted.

2. Item No. 5 and the heading thereto shall be omitted.

SCHEDULE III.

(*See section 7.*)

PART I.

Rates of Income-tax.

	Rate.
A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(1) When the total income is less than Rs. 2,000	*Nil.*
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 20,000.	Nine pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and three pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards	One anna and six pies in the rupee.
B. In the case of every company, and registered firm, whatever its total income.	One anna and six pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income :—

	Rate.
(1) in the case of every company	One anna in the rupee.
(2) (*a*) in the case of every Hindu undivided family—	
(*i*) in respect of the first twenty-five thousand rupees of the excess.	*Nil.*
(*ii*) for every rupee of the next twenty-five thousand rupees of such excess.	One anna in the rupee.
(*b*) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company, for every rupee of the first fifty thousand rupees of such excess.	One anna in the rupee.
(*c*) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(*i*) for every rupee of the second fifty thousand rupees of such excess.	One and a half annas in the rupee.
(*ii*) for every rupee of the next fifty thousand rupees of such excess.	Two annas in the rupee.
(*iii*) for every rupee of the next fifty thousand rupees of such excess.	Two and a half annas in the rupee.
(*iv*) for every rupee of the next fifty thousand rupees of such excess.	Three annas in the rupee.
(*v*) for every rupee of the next fifty thousand rupees of such excess.	Three and a half annas in the rupee.
(*vi*) for every rupee of the next fifty thousand rupees of such excess.	Four annas in the rupee.
(*vii*) for every rupee of the next fifty thousand rupees of such excess.	Four and a half annas in the rupee.
(*viii*) for every rupee of the next fifty thousand rupees of such excess.	Five annas in the rupee.
(*ix*) for every rupee of the next fifty thousand rupees of such excess.	Five and a half annas in the rupee.
(*x*) for every rupee of the remainder of the excess . .	Six annas in the rupee.

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to continue certain provisions of the Indian Finance Act, 1926, which would otherwise cease to have effect from the 1st April, 1927, to make certain changes in the Schedules to the Indian Tariff Act, 1894, and to abolish the stamp duty on cheques and other bills of exchange payable on demand.

2. Clauses 2, 3 and 7 provide for the continuance of the rates of salt duty, postage, income-tax and super-tax prescribed by the Indian Finance Act, 1926, while clause 6 provides for the credit to revenue for a further period of one year, *i.e.*, till the 31st March, 1928, of interest on securities forming part of the Paper Currency Reserve.

3. Clause 4 gives effect to the following changes:—

(*a*) The abolition of the import duty on rubber stumps and rubber seeds.

(*b*) The increase of the import duty on unmanufactured tobacco from Re. 1 to Rs. 1-8-0 per pound.

(*c*) The reduction of the import duty on motor cars, etc., from 30 per cent. to 20 per cent. *ad valorem*, and the reduction of duty on tyres and tubes from 30 per cent. to 15 per cent. *ad valorem*.

(*d*) The abolition of the export duty on tea and hides.

The exemption of rubber stumps and rubber seeds imported into India from the payment of import duty has been very strongly urged by the Government of Burma in order to afford every possible encouragement to an adolescent industry in Burma. The change will not result in any appreciable loss of revenue.

The import duty on cigarettes was fixed in 1925 at Rs. 7 per thousand, if the value does not exceed Rs. 10-8-0 per thousand, and at Rs. 10-8-0 per thousand, if the value exceeds Rs. 10-8-0. These rates of duty for the two classes of cigarettes are equivalent to Rs. 2-12-9 and Rs. 4-3-3 per pound, respectively. But the import duty on unmanufactured tobacco is only Re. 1 per pound. It is proposed that the duty on unmanufactured tobacco should be raised from Re. 1 to Rs. 1-8-0 per pound. This increase is expected to yield an additional revenue of Rs. 18 lakhs, which should cover the loss of revenue which would result from the proposed reduction of import duty on motor cars and tyres and the abolition of the export duty on hides.

The reduction of the import duty on motor cars and tyres was suggested by the Taxation Enquiry Committee, on the ground that, though the existing scales were justified as productive of revenue, a lower duty would undoubtedly encourage the development of motor transport in India. The reduced scale of duties will also afford Provincial Governments and local authorities an opportunity to levy taxation to be devoted to the improvement of roads. It is anticipated that the loss in Customs revenue on the reduced scale of duty will not exceed Rs. 10 lakhs, due allowance being made for increased importation.

The export duty on hides was originally imposed in September 1919, in the interests of the Indian leather industry, but for various reasons the duty has failed in its purpose. The Taxation Enquiry Committee have by a majority

recommended early abolition, as in their opinion the duty is wrong in principle, a view which was shared by the Fiscal Commission.

The abolition of the export duty on tea was suggested by the Fiscal Commission. The Taxation Enquiry Committee came to the conclusion "that the duty is one which may continue for the present, but it should be removed or reduced, if and when the conditions of the trade indicate that it is having a prejudicial effect". The duty is, however, wrong in principle, and it is, therefore, proposed to abolish it and to compensate the loss in revenue by altering the present basis of assessment to income-tax of the profits of the tea industry. Tea companies are now assessed on only 25 per cent. of their total profits, the remaining 75 per cent. being regarded as agricultural income, and therefore not liable to income-tax. The proportions assigned to the agricultural and manufacturing operations of the trade were based on very imperfect data, and recent inquiries have shown that the proportions should be at least equal. It is, therefore, proposed that a rule should be made under section 59 of the Indian Income-tax Act, 1922, to provide that, if owing to the existence of a market for green tea the manufacturing profits can be separately ascertained, such profits should be assessed, and that otherwise they should be assumed to form 50 per cent. of the entire net profits.

Neither the public revenues nor the tea industry as a whole will be appreciably affected by these proposals, but the substitution of a tax on the profits for the export duty will result in a more equitable distribution of the burden of taxation.

4. Section 5 gives effect to the recommendation of the Currency Commission that the stamp duty on cheques should be abolished in order to encourage the habit of banking. It is also proposed to abolish the duty on bills of exchange which are payable on demand.

BASIL P. BLACKETT.

The 28th February 1927.

Speech of the Financial Secretary in the Council of State on the 28th February 1927.

THE HONOURABLE MR. A. F. L. BRAYNE (Finance Secretary): Sir, I rise to present the Statement of the estimated expenditure and revenue of the Governor General in Council for the year 1927-28 in respect of subjects other than Railways.

In the forefront of a Budget statement it is usual to deal at some length with the recorded experience of the past financial year and thereafter to review the experience of the current year comparing these experiences with the anticipations of the Budget statement made a year ago. This is as it were the preparation of the stage upon which will be presented the theme, so eagerly awaited, of the budget proposals for the year to come. I will endeavour not to dwell too long on these preparations.

Actuals of 1925-26.

2. For the third year in succession the actual results of the past financial year have shown a marked improvement upon the revised estimates. The revised estimate for 1925-26 indicated the probability of a surplus of 130 lakhs. The audited accounts present us with a surplus of 331 lakhs, or 2 crores more than the anticipation. It may be said that this result, however welcome, indicated that our estimates were unduly cautious, but so numerous and varied are the factors which have to be weighed when the revised estimate is prepared that it is hard to avoid the tendency to underestimate revenue and overestimate expenditure; when all is said, the actual variation from the estimated surplus is well under 1 per cent. of our gross revenue or expenditure. Owing to exceptionally high returns in the last two months of 1925-26 the Customs revenue improved by nearly a crore over the revised estimate, while Railways, Posts and Telegraphs and the Military estimates account between them for an improvement of 60 lakhs. The balance of the improvement is distributed without any very marked variation under any particular head.

Review of the year 1926-27.

3. The visible balance of trade, including private imports of treasure, was in favour of India at the end of January to the extent of 27 crores as against over 85¾ crores for the same period a year ago, the decrease being mainly explained by the fall in the value of exports of jute and cotton and the general lateness of the season, but there is every reason to expect considerable expansion in exports during the remainder of the year. Generally speaking, the year may be said to have been good for trade except perhaps for the depression in cotton, where a fall in prices, overdue though it was, has temporarily increased the difficulties of the industry, but much may be expected from a combination of increased demand and cheaper production. The position would have been more satisfactory but for the deterrent influences of the coal strike in England and the Civil War in China. The coal strike has, however, resulted in export of coal almost treble in value, and it may be hoped that with improved arrangements some part of the extended market may be retained.

To the effects of a late season was added uncertainty regarding the stability of exchange which vitiated that atmosphere of security without which sound business cannot thrive. The most notable feature in the money market in 1926 was exceptional absence of stringency. The concentration into the first months of 1927 of the seasonal demands, which

ordinarily set in from October and special reasons for hesitation in the exchange market have led to a rise in the Bank rate to 7 per cent., a figure usual at this period of the year but not touched between May 1925 and February 1927, But even so, the stringency is less marked than in 1923-24 and 1924-25.

Revenue, 1926-27.

4. In the current year it is anticipated that Customs receipts will exceed the budget estimate of 46·4 crores by 1·3 crores, mainly due to improved receipts from sugar and protective duties. In 1925-26 the receipts from sugar amounted to nearly 6½ crores or nearly double the receipts of 1923-24. In the budget of the current year, Government adopted a conservative figure of 5·7 crores, but the revised estimate exceeds this figure by 1¼ crores. For protective duties the estimate was 2·35 crores; it now appears that the yield will be nearly 50 lakhs more, and thus it appears that protective duties have not only fulfilled their purpose, but have also proved unexpectedly fructuous in revenue.

Taxes on Income.

5. The yield from the taxation of incomes is now anticipated at Rs. 29 lakhs below the estimate of 16·15 crores, but this is almost entirely due to increased refunds in connection with double income-tax relief following upon a deduction in the rate of income-tax in Great Britain.

Salt and Opium.

6. The recent receipts from Salt appear to be affected by the perennial hope of reduction in the duty, and it is deemed wise to reduce the estimate of 6·9 crores by 20 lakhs. On the other hand, we may hope for an improvement in net Opium receipts of 86 lakhs. This is due to the fact that Government framed a very cautious estimate of the immediate effect of their policy of reduction of exports of opium as the new arrangements had not then been concluded. Also, on the expenditure side, liabilities are reduced by 48 lakhs in payment to cultivators owing to a scanty crop.

Other heads of Revenue.

7. The Railway contribution of 6·01 crores remains unaltered, and the only important variation under other heads is an unexpected receipt of 31 lakhs for reparations from Germany. As this relates to a period before April 1926, it is not taken to avoidance of debt under the provisions of the Finance Act of 1926.

Expenditure, 1926-27.

8. The most important variation arises under the Military Estimates. The original figure was 54·88 crores. The revised estimate indicates an excess of 67 lakhs. I may explain that when I framed the original estimate as Financial Adviser, the position as regards requirements of Ordnance supply—which is one of the heaviest items of Army expenditure—was not fully known. The Army had been drawing for a long time on surplus war stores, and it was becoming clear that this reserve could not last much longer. An expert inquiry was instituted by His Excellency the Commander-in-Chief into the present position and future demands of the arsenals, and the result was that it was found necessary to provide an additional grant to meet deficiencies in essential requirements, the greater part being a recurring charge owing to the exhaustion of the surplus. Losses by fire of essential stores at Rawalpindi and Ambala necessitated replacement at considerable cost. On the civil side we have a saving of 82 lakhs on interest on debt owing to the reduction in the rate of interest on new borrowings and a further saving of 18 lakhs in the cost of Civil Administration.

9. The net result of the variations in revenue and expenditure is that we have every reason to anticipate a surplus of 3·10 crores in the current financial year compared with an actual surplus of nearly 3 1/3 crores in 1925-26. This is the fourth surplus in succession.

Revenue 1927-28.

Customs.

10. I now turn to the estimates for the ensuing year 1927-28. It is anticipated that the Customs revenue will bring in 49·15 crores, or 146 lakhs more than the revised estimate of the current year, and this is after allowance for about 40 lakhs less in the revenue from protective duty on steel owing to the effect of the new Bill. Allowance is also made for somewhat reduced imports of sugar and for normal expansion under continued favourable conditions under other heads.

Taxes on Income.

11. We may anticipate slightly more profitable trade as the basis of assessment and also a further yield due to the substitution of tax-subject for tax-free securities. In the result it is hoped to secure 16·5 crores next year under this head, or 65 lakhs over the revised estimate.

Salt and Opium.

12. The original estimate of revenue from Salt duty for 1926-27 was 6·9 crores. Allowing for normal growth in consumption it is proposed to adopt 7 crores for 1927-28. Under the Opium head, it is necessary to allow for a reduction of 10 per cent. in exports as a result of Government's declared policy but expenditure will also be reduced owing to the smaller area under cultivation. As a result the net revenue is estimated at 2·92 crores as compared with 3·12 in the current year.

Other heads.

13. The net receipts from Railways in 1925-26 were considerably lower than in 1924-25, and therefore the contribution for next year falls to 5·48 crores as compared with 6·01 in the current year. Receipts under all other civil heads of revenue are estimated at 15·7 crores, a reduction of 174 lakhs in the original estimate for 1926-27.

The estimate assumes that we continue to credit to revenue the excess over £40 million in the Gold Standard Reserve and the income from investments of the Paper Currency Reserve pending the establishment of the Reserve Bank. This income is of course diminished in consequence of the reduction of the sterling and Government of India rupee securities in the latter Reserve.

14. The total estimate of revenue for 1927-28 comes to 128·96 crores as compared with a revised estimate of 130·25 crores for the current year. The reduction is partly due to the reduced Army receipts under the new system of accounts which dispenses with cost account or book transaction receipts hitherto shown in the Military Estimates.

Expenditure in 1927-28.

Military.

15. The net Military expenditure is estimated at 54·92 crores or practically the same as the original estimate but 63 lakhs less than the revised estimate of the current year. A saving of 64 lakhs is secured by the cessation of gratuities for demobilised officers, but this saving is counterbalanced by increased charges on ordnance supply to which I have already referred and by the necessary expansion of

the Air Force and improvement of the barrack accommodation of Indian and British troops. At this point, I would invite the attention of the House to the very real reduction in Military expenditure since 1921-22. In that year, it stood at near 70 crores. In 1923-24, following on Lord Inchcape's inquiry it fell to 56¼ crores, and for next year, despite revisions of pay and other improvements mentioned above, the cost of defence is reduced to 54·9 crores.

I have already referred to the fact that the Army has gradually come to an end of its surplus war stocks, and to maintain its efficiency must now obtain funds for new purchases and manufactures provision for which is included in next year's estimate. If an army of the present authorised strength is to be maintained in a state of full efficiency, it seems probable that the scale of military expenditure has now almost touched its lowest point on the basis of present prices and strictest economy will be necessary to counteract the tendency to increase.

I may add, that next year's estimate includes an addition of 5 lakhs for the new Royal Indian Navy.

Civil Expenditure.

16. The principal variation is a saving of nearly 2 crores under the head of "Interest on dead-weight Debt" as compared with 12½ crores in the Budget for the current year.

Steady adherance to the programme of making regular provision for the reduction and avoidance of debt and the confining of the new borrowings to productive purposes brings in an annual dividend to the tax-payer in the shape of an increasing saving in interest charges on dead-weight debt. The saving in gross interest charges is even more striking owing to the advantage of lower interest on capital newly invested in productive works of development. This benefit accrues not only to the Railway, Irrigation and Forest Departments, but also to the Provincial Governments, which gain materially from the reduction of interest which they pay on their borrowings, whether from the Provincial Loans Fund or direct from the open market.

17. Under the heads of Civil Expenditure, there are no very important variations, but I shall refer at a later stage to special provision which is being made next year for the inauguration of a five-year programme for the improvement of education in the territories under the immediate control of the Government of India. There is also provision of Rs. 8 lakhs for beginning the erection of an India House in London.

Posts and Telegraphs.

18. In the current year it was estimated that the Indian Posts and Telegraphs Department would show in its accounts a loss of 10 lakhs on the working of the year. The revised estimate shows a slight improvement and the loss should be only 7 lakhs. In 1927-28 it is expected that the gross receipts of the Department will be 10·8 crores, while working expenses, together with the interests charged on the capital of the Department, amount to a figure in excess over revenue of only three-quarters of a lakh. The working expenses, I may add, include special provision of over 12 lakhs for the improvement of the pay and allowances of certain sections of the subordinate staff, whose grievances have been under examination.

The Indian Post and Telegraph Department is now regarded as an organisation working on commercial lines and paying interest on the capital locked up in its activities. It aims at the supply of postal and telegraph facilities to the public to the fullest extent compatible with the fundamental principle that such a service department must not be a burden upon the general tax-payer. In normal conditions, therefore, the gross reveuue should suffice

to cover the working expenses and the payment of interest on capital. As trade improves, it may be hoped that the Department will eventually be able to show some substantial profit, but for the present it is clear that no important reduction is possible in the existing rates for telegrams and postal articles save at the cost of a subsidy from the general tax-payer towards the working expenses of the Department.

19. I have now reviewed the salient features of the revenue and expenditure of the coming financial year. In the final result as against a revenue of 128·96 crores, the expenditure of the year is reckoned at 125·26 crores and we may thus confidently expect a surplus of 3·7 crores in the ensuing year, or just about one lakh for each day of the year. The House will recollect that the actual surplus of the past year was 3·31 crores and the surplus of the current year is also expected to prove slightly over three crores. Before I proceed to disclose the budget proposals as regards taxation and the disposal of the surplus, I would detain the House for a little space on the very important subject of ways and means and the public debt.

20. The position may be briefly summarised as follows:—

	Revised, 1926-27.	Budget, 1927-28.
	(Crores of rupees.)	
Liabilities.		
Railway capital outlay	27	25
Other Capital Outlay (Delhi, Posts and Telegraphs, etc.)	2	2·2
Transactions of Provincial Governments	8·9	6·4
Discharge of debt (net)	37	20·5
	74·9	54·1
Resources.		
Rupee Loan (net)	26	27
Postal Cash Certificates	6·1	5·4
Other unfunded debt (including Postal Savings Bank)	6·6	6·2
Debt redemption	5·1	5·2
Depreciation and Reserve Funds	6·1	2·7
Exchange	10·4	—·5
Miscellaneous	4·4	—2·2
Reduction of cash balance	10·2	10·3
	74·9	54·1

21. When the House comes to study these figures at leisure, they will, I am sure, admit that the position is most satisfactory. It will be observed that in the current year the net amount of the new loan was less than the outlay on Railway capital expenditure and considerably less than the total figure of productive capital outlay. In 1926-27, Government borrowed 26 crores but will have discharged debt to the extent of 37 crores including over 8 crores of Treasury Bills in the Paper Currency Reserve. Next year, Government expect to discharge about 18 crores of debt in India while the provisional figure for the rupee loan in the open market is 27 crores. Government hope in 1927-28 to finance its capital programme of some 27 crores on productive enterprises in 1927-28 while the market will be asked for less than Rs. 10 crores of new money. In these circumstances, Government have every reason to hope that this sum, together with the requirements to replace maturing debt, including possibly some debt maturing after 1927, will be forthcoming on favourable terms.

22. As the House is aware, no new sterling loan has been issued since May 1923 and the Budget of 1927-28 includes no provision for any external loans. Since the last sterling loan was taken in 1923-24, Government have spent outside India a total of £36 million including over £26 million for capital outlay and £10 million on reduction of sterling debt without resort to external borrowing. Next year Government expect to incur nearly £11½ million on capital account and reduction of sterling debt, so that if sterling borrowing is avoided next year, they will have met in that short period since 1923-24 some £48 million of capital disbursements outside India without exceeding internal resources.

The revised remittance programme for the current year is £27½ million both on capital and revenue account and Government expect that the amount required next year will be £35½ million.

23. The credit of India as reflected in the market price of Indian Government securities has again improved, and the market price of 5 per cent. tax-free loan 1945-55 has increased from Rs. 88 annas 4 on 1st February 1923 to Rs. 107 annas 5 on 1st February 1927. In the similar period the 3½ per cent. Indian Government rupee loan has risen from Rs. 57 to Rs. 77 annas 7. Comparison with the prices of India stock and other stocks in London supports the conclusion which was drawn in last year's budget statement that the credit of the Government of India stands considerably higher in the London market in relation to British Government and other gilt-edged borrowers than it did in 1914 or 1923 or indeed in 1926. While the prices of British Government and other securities have actually gone down during 1926, those of India stock have appreciated. One result has been that very considerable transfers of money from India to London have been made in view of the fact that Indian 3½ per cent. rupee stock has been quoted at a figure appreciably higher than the price in London of India 3½ per cent. sterling stock. This process is not without its temporary inconveniences, for one cause of comparative weakness of exchange in the current year has been the transfer of capital attracted from India to London by reason of the higher rates prevailing there for the greater part of the year; but there is another and a favourable side to the process in that the efforts of Government to reduce India's sterling debt have been supplemented by transactions on the part of individual Indian investors in buying back some part of her sterling loans and transferring them to Indian hands.

Debt.

24. The position as regards our debt is one of abiding and continuing strength. On the basis of a rupee at 1*s.* 6*d.* gold, the total debt on 31st March last stood at 969 crores. On 31st March 1927, it will stand at 975½ crores, but sterling debt will have decreased from 456½ to 452½ crores. The productive portion of the debt will have increased from 737·9 crores to 773·8 crores, but the unproductive portion shows a welcome reduction by nearly 30 crores to 201·7 crores. The effect of this satisfactory position on expenditure and on the rate of interest at which Government borrow in India is considerable. Mainly as a result of the settled policy of making regular provision for the reduction and avoidance of debt Government were able to borrow in 1926 at 4·69 per cent. subject to income-tax as compared with 6 per cent. tax-free in 1922, while the interest charge in 1927-28 for dead-weight debt is about 5½ crores less than in 1923-24. This saving is considerably larger than the total amount which is at present set aside annually for reduction or avoidance of debt.

Budget proposals.

25. We have now reached a point in the journey, which I hope has not been barren of interest, at which we can emerge upon the promised land of new budget proposals for which the House has been waiting. I would therefore bring again before the House the salient point that the expected surplus in the ensuing year is 3·70 crores based on the existing level of taxation. So long as 5·45 crores of Provincial contributions apart from Bengal's 63 lakhs are still undischarged and so long as Government adhere to their declared intention of reduction and final extinction at the earliest possible date of these contributions, they cannot divert any part of their surplus towards reduction of taxation. To do so could only mean a postponement of the happy time when the Provinces will stand free of all tribute to the Central Government. I hope that the House will agree that the general policy as regards taxation ought to be directed first towards a more equitable distribution of the incidence and towards the abolition of taxes which are obnoxious in principle. In this respect, Government have received much valuable assistance from the labours of the Taxation Enquiry Committee whose Report has been under consideration during the year. When finances permit and when the Central Government breathes in a freer atmosphere of relief from the obsession of Provincial contributions, they can then direct their aim to the gradual reduction of taxation with regard solely to the position of the Central Administration. For 1927-28 they can do no more than effect minor changes which will not materially affect the surplus of revenue over expenditure.

26. I will briefly summarise the proposals in this respect. It is proposed that the export duty on tea and on hides should be abolished, that the import duty on motor cars, etc., should be reduced from 30 to 20 per cent. *ad valorem* and the duty on tyres from 30 to 15 per cent. The stamp duty on cheques and other bills of exchange payable on demand will also disappear, and the import duty of 15 per cent. on rubber stumps and seeds will be abandoned. On the other side, it is proposed to raise the import duty on unmanufactured tobacco from Re. 1 to Rs. 1-8-0 per pound and to assess the profits of tea companies at 50 per cent. of their total net income subject to certain conditions instead of the percentage of 25 per cent. of profits which is at present in force. The net result of these changes will be an immediate reduction of 51 lakhs under Customs which will be counterbalanced by an increase of 45 lakhs under Taxes on Income. The net loss of 6 lakhs will reduce the surplus of 370 lakhs to 364 lakhs.

27. I will next deal shortly with each of these proposals.

(*a*) The *export duty on hides* has been condemned by the Taxation Enquiry Committee as wrong in principle and dangerous in its effects. The industry is at present in a depressed condition and for some years the only justification for retaining the duty has been based on revenue grounds. On the other hand, the duty on skins, though open to the same objection, is more productive and much less harmful to the trade and Government do not feel that they are in a position this year to propose its reduction or abolition. The immediate abolition of the duty on hides will involve a loss of 9 lakhs of revenue.

(*b*) The *export duty on tea* brings in 50 lakhs a year, but for the reasons which I have already given, Government cannot contemplate a loss in revenue of this magnitude without some countervailing increase elsewhere. Happily they are able to effect this counterbalance by a measure which will afford the additional revenue from the tea industry,

itself, while it will actually distribute the incidence of taxation in a more equitable manner.

At present the tea companies are charged income-tax on only 25 per cent. of their profits, the remaining 75 per cent. being accounted as profits from agriculture and so untaxable. This proportion was arrived at some years ago on very imperfect data and has since been under investigation for some time. On the better data now available it is evident that the non-agricultural portion of the profits ought to be assessed at 50 per cent. at the very least and this, it is proposed to do, with the proviso that where there is a market for green tea and non-agricultural profits can be exactly ascertained, income-tax should be assessed on the actual total of such profits. Government expect to obtain an additional Rs. 45 lakhs from this change in the proportion and 50 lakhs for 1928-29.

(*c*) The next proposal is one which Government have reason to believe will be universally popular, that is a *reduction in the import duty on motor cars* from 30 to 20 per cent. and in tyres to 15 per cent. Allowing for the stimulus to imports which this duty should give, the loss should not exceed 10 lakhs. The reduction is in accordance with the views of the Taxation Enquiry Committee which had in mind the desirability of encouraging the development of motor transport in India in every possible way. And if Provincial Governments take the opportunity of increasing local taxation of users of motor cars in order to spend more money on road communications, who shall say them nay.

(*d*) The removal of rubber stumps and seeds to the free import list is proposed, as the present duty is found to hamper an adolescent industry in Burma and the Government of Burma have made a special representation to the Government of India. The loss of revenue is inconsiderable.

(*e*) I now pass to the abolition of the duty of one anna on cheques and bills of exchange payable on demand. This measure follows the recommendations of the Currency Commission and has received support from many other quarters with the object of stimulating the development of the banking habit in India. For the present, it is not proposed to touch the stamp duty on other bills of exchange which would involve a heavy loss of revenue amounting to 25 lakhs. This question will be further considered. The abolition now proposed will have effect from 1st July in order to allow banks time to make necessary preparations. The loss next year will be about 5 lakhs. It will fall temporarily on Provincial Governments, but it is not material and Government do not propose to compensate the provinces in view of the substantial measures of relief in other directions which I will shortly describe to the House and also because it is hoped that in a year's time a new distribution of stamp revenue under central and provincial heads, coupled with a revision of the Devolution Rules regarding income-tax, will make good any loss on this account.

(*f*) Lastly, *raising of the import duty on unmanufactured tobacco* is a measure which is entirely justified as a means of making up the loss from the adjustments to which I have just referred. The statistics of the Indian cigarette industry prove that it has reached a very strong position. The increased duty is not likely to affect the industry to any material extent while it will afford some additional protection to Indian grown tobacco. The increased revenue is expected to be 18 lakhs.

28. The disposal of the surplus of 3·64 crores is now for consideration. Government have every reason to expect that it will be a recurring surplus having regard to all liabilities which can be foreseen including the inauguration of the Reserve Bank and

Fin l proposals.

to the natural growth of the revenues and further reductions in interest and other charges. This being so, I am sure that the House will agree that the proper course must be to devote the surplus to the permanent reduction by 3½ crores of the Provincial contributions, the distribution being made strictly in accordance with the Devolution Rules. Bengal is still entitled to remission of her contribution in 1927-28: otherwise, she would have been entitled to a share in the permanent remission of 3½ crores to the extent of 9 lakhs.

The further reduction of the Provincial contributions to the extent of 3½ crores will leave only 195 lakhs unremitted, excluding Bengal. Yet there are many and forceful reasons why a clean sweep should be made of these contributions which stand in the way of provincial autonomy and development. More especially convincing is the appeal from Bombay which would obtain relief from the 350 lakhs to the extent of only 19 lakhs out of her contribution of 56 lakhs. Bombay is faced with a heavy deficit in the current year and with the prospect of a further heavy deficit of 51 lakhs in the ensuing year if the provincial contribution is still to be levied. Various causes will no doubt be assigned for the present misfortunes of Bombay, but whatever they may be, we cannot but in fairness recognise that the existing Devolution Rule 15, which was intended to give provinces a share of the proceeds of the income-tax, has miserably failed of its purpose in the case of Bombay and Bengal which it was designed to benefit and this because the year which was selected as the criterion happened to be one which in the event was unfavourable. Bengal has already got compensation by reason of the remission of her contribution since 1922-23 a gift of over 3 crores in the aggregate, but Bombay has received only one special non-recurring reduction of 22 lakhs in 1925-26. In these circumstances, the Government of India are convinced that a very special effort must be made in 1927-28 on behalf of Bombay, but they are equally convinced that any relief can only be given in strict accordance with the Devolution Rules. Otherwise that relief could only be given at the ultimate expense of other provinces. Some way must be found and the Government of India propose to find it by having recourse to the realised surplus of 1926-27. This is estimated at 3·10 crores. It has been decided that the best solution of the problem will be to use part of this surplus to remit the whole of the Provincial contributions in 1927-28. Only by this means can Government meet Bombay's undoubted claims in full measure without infringing the rights of other provinces. The latter on the contrary will also obtain additional and welcome relief by the remission of their remaining contributions in toto for 1927-28. Even the little province of Coorg will obtain relief to the extent of Rs. 12,000 which is her special contribution.

29. The following are the shares of the recurring remission of 350 lakhs and of the non-recurring remission of 258 lakhs (including Bengal):

	Recurring.	Non-recurring.
Madras	116	49
Bombay	19	37
Bengal	9	54
United Provinces	99	52
Punjab	60	26
Burma	31	19
Central Provinces	8	14
Assam	8	7
	350	258

30. These measures will exhaust the estimated surplus in 1927-28 and will mean that the surplus of the current year will be drawn upon to the extent of 181 lakhs. While the needs of Bombay are met so far as her budget position for 1927-28 is concerned, she still has some further expectations in view of the operation of the Devolution Rule in the past. It is therefore proposed that a further sum of Rs. 28 lakhs out of the remaining surplus of 129 lakhs for the current year should be devoted to relieving Bombay of half her contribution for the current year also on condition that her budget for 1927-28 shows a balance on the right side.

31. After these transactions, the estimated surplus for 1926-27 will still show a balance of just over a crore of rupees. I have already briefly referred to a possible temporary difficulty in the future in connection with the inauguration of the Reserve Bank and the Gold Bullion Standard, and it is undesirable that there should be a special call on the tax-payer or a dislocation of normal budget arrangements to meet this temporary demand. Therefore, Government propose to set aside in reserve the remainder of the realised surplus of the current year either to relieve the budgets of 1928-29 and 1929-30 of the temporary charges incidental to the new currency system or to strengthen the reserves to be handed over to the new Bank as cover for the note issue or for both purposes as circumstances require.

The procedure which is proposed is the opening of a special Deposit account to which will be paid the whole of the realised surplus for 1926-27. In the estimated receipts for 1927-28 will be included a transfer from this Reserve Account equivalent to the amount required to balance revenue and expenditure in 1927-28, on present estimates Rs. 1·81 crores. The amount finally credited will be just such sum as may ultimately prove necessary to bridge the final gaps between expenditure and ordinary revenue of the year. In order to effect this Government propose to present in another place a supplementary estimate to cover the transfer to the special reserve of the surplus of 1926-27.

32. I must, however, emphasise most clearly the fact that the non-recurrent remissions of the provincial contributions must be regarded as definitely temporary so that if a recurring surplus is not available a year hence to enable Government to make this remission a permanent feature, it will be necessary either to restore the temporarily remitted contributions in whole or in part or else to propose fresh taxation. Thus though Government formally protect the future by making part of the remission for one year only, they are taking the risk that if the monsoon of 1927 is specially unfavourable they will be faced with difficulty. There is a further possible criticism that the realised surplus of 1926-27 is being diverted from its proper application to the reduction and avoidance of debt, but the answer is effective. A succession of realised surpluses has enabled Government to outdistance the programme of debt redemption in the last few years while the fixed programme remains unmodified and for this is already provided 512 lakhs in 1927-28. Government can therefore with a clear conscience make the concession proposed to secure those advantages for India economic and social and the stimulus to the successful working of the Reforms which will flow from the release to the provinces of 545 lakhs for expenditure on the nation-building services which all true friends of India and of the Reforms have so deeply at heart. Further, for the first time since the Reforms the Central Budget will be free of assistance from the provincial tax-payer and free from an incubus which has strained mutual relations and hampered development on all sides.

33. I can hear the question put: While the Government of India have the interests of the Provincial Governments at heart, do they actually propose to neglect those areas for the administration of which they are directly responsible because their claims are uttered with a still small voice? In dealing with the expenditure of 1927-28 I have already alluded briefly to the inauguration of a scheme of educational development which will be spread over five years in the frontier provinces and other administrations under the Central Government. This connotes additional non-recurring expenditure of nearly 30 lakhs in the five years and additional recurring expenditure rising from 4 lakhs in 1927-28 to 10½ lakhs in 1931-32. The total additional sum provided for next year and included before the surplus was arrived at is Rs. 12 lakhs. Similar schemes for sanitation and other services are under preparation but are not yet ready. It is undoubtedly the case that development in these areas was cramped by necessarily drastic measures of retrenchment and by the pressure of the claims of the major provinces, but the time is now at hand when the Government of India can hope to meet the most pressing claims of their own citizens to a definite share in the funds that may be available for nation-building activities.

34. Thus, Sir, I conclude the Budget Statement for 1927-28, a statement which is bright with promise and which should still further develop and consolidate the sound position of India's credit internally and externally alike. It is a statement which, as the House will have realised, is based on the assumption that there will be no departure from the established exchange rate of 1*s*. 6*d*. per rupee. As the House will desire to know what effect a reduction of the rate of exchange from 1*s*. 6*d*. to 1*s*. 4*d*. would have on the Budget, I have circulated a statement showing in some detail what that effect would be, having regard to the many difficult and varied considerations which must enter into the calculations. The conclusion arrived at, on the assumption that during 1927-28 it will be unnecessary to compensate any Government employee in any way for a reduction of about 11 per cent. in their real wages, is that the reduction of the ratio to 1*s*. 4*d*. would result in a worsening of the position by over 5¼ crores.

It is no part of my duty to-day on behalf of Government to make any suggestions as to how the resulting deficit of over 1½ crores should be covered. The ratio controversy will be discussed on its merits next week, and it will be time enough, when that controversy has been settled, to consider any reactions of the decision upon the budget which I have laid before the House to-day. But if Government are correct in their contention that an arbitrary reduction in the exchange value of the rupee will bring no permanent benefit whatever to India, but will, on the contrary, involve immediate and heavy sacrifice and loss, then surely the large sacrifice involved in the dislocation of this budget, though not necessarily the most serious of the sacrifices which would be incurred, is a relevant and important consideration which it would have been folly to ignore or obscure.

35. With these words, Sir, I conclude what has been to me the great fortune and the esteemed privilege of presenting the first budget statement in this new and spacious abode of the Council of State. I sincerely trust that the proposals will meet with the approval of this Honourable House and that they will prove to be a happy augury for the long succession of budgets which these walls will hear pronounced in the years to come.

Schedule of demands for grants for expenditure of the Central Government (excluding Railways) for the year 1927-28 submitted for the vote of the Legislative Assembly.

Number of demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.	Reference to page of detailed statements.
	A.—Expenditure from Revenue.		Rs.	
†				
16	Customs	Customs	70,93,000	1—25
17	Taxes on Income	Taxes on Income	64,48,000	26—46
18	Salt	Salt	87,27,000	47—78
19	Opium	Opium	89,14,000	79—87
20	Stamps	Stamps	6,49,000	88—95
21	Forest	Forest	7,43,000	96—106
22	Irrigation (including Working Expenses), Navigation, Embankment and Drainage Works.	Works for which capital accounts are kept, Miscellaneous Irrigation Expenditure, Construction of Irrigation, etc., Works.	15,11,000	107—120
23	Indian Postal and Telegraph Department (including Working Expenses).	Posts and Telegraphs	10,34,06,000	121
24	Indo-European Telegraph Department (including Working Expenses).		29,37,000	122
25	Interest on Debt and Reduction or Avoidance of Debt.	Interest on ordinary Debt	98,79,000	123—124
26	Interest on Miscellaneous Obligations	Interest on other Obligations	29,22,000	125—126
27	Staff, Household and allowances of the Governor General.		4,15,000	127—131
28	Executive Council		60,000	132
29	Legislative Bodies		4,62,000	133—134
30	Foreign and Political Department		7,95,000	135—136
31	Home Department		5,51,000	137—141
32	Public Service Commission		1,04,000	142—143
33	Legislative Department		5,43,000	144—145
34	Department of Education, Health and Lands.	General Administration	5,97,000	146—148
35	Finance Department		10,56,000	149—154
36	Separation of Accounts from Audit		13,34,000	155—162
37	Commerce Department		2,89,000	163—164
38	Army Department		5,89,000	165—166
39	Department of Industries and Labour		4,94,000	167—168
40	Central Board of Revenue		1,89,000	169—170
41	Payments to Provincial Governments on account of Administration of Agency subjects.		1,49,000	171—172
42	Audit	Audit	74,49,000	173—191
43	Administration of Justice	Administration of Justice	53,000	192
44	Police	Police	1,70,000	193—196
45	Ports and Pilotage	Ports and Pilotage	22,95,000	197—215
46	Survey of India	Scientific Departments	30,98,000	216—231
47	Meteorology	,, ,,	15,52,000	232—239
48	Geological Survey	,, ,,	2,13,000	240—242
49	Botanical Survey	,, ,,	5,17,000	243—246
50	Zoological Survey	,, ,,	1,65,000	247—248
51	Archæology	,, ,,	16,27,000	249—253
52	Mines	,, ,,	1,64,000	254—255
53	Other Scientific Departments	,, ,,	3,30,000	256—258
54	Education	Education	9,39,000	259—260
55	Medical Services	Medical	8,19,000	261—269
56	Public Health	Public Health	10,22,000	270—278
57	Agriculture	Agriculture	15,15,000	279—304
58	Civil Veterinary Services	,,	6,80,000	305—309
59	Industries	Industries	2,62,000	310—313
60	Aviation	Aviation	3,96,000	314—315
		Carried over	18,41,22,000	

† Demands Nos. 1—15 relate to expenditure on Railways.

Schedule of demands for grants for expenditure of the Central Government (excluding Railways) for the year 1927-28 submitted for the vote of the Legislative Assembly—*contd.*

Number of demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.	Reference to page of detailed statements.
			Rs.	
	Brought forward		18,41,22,000	
	A.—Expenditure from Revenue—*contd.*			
61	Commercial Intelligence and Statistics	Miscellaneous Departments.	2,59,000	316—319
62	Emigration—Internal	,, ,,	46,000	320—324
63	,, External	,, ,,	88,000	325—328
64	Joint-Stock Companies	,, ,,	1,32,000	329—334
65	Miscellaneous Departments	,, ,,	2,29,000	335—340
66	Indian Stores Department	,, ,,	16,34,000	341—355
67	Currency	Currency	53,42,000	356—372
68	Mint	Mint	17,72,000	373—378
69	Civil Works	Civil Works	1,46,48,000	379—437
70	Superannuation Allowances and Pensions	Superannuation Allowances and Pensions.	38,09,000	438—441
71	Stationery and Printing	Stationery and Printing	34,73,000	442—479
72	Miscellaneous	Miscellaneous	14,6 ,000	480—493
73	Refunds		56,25,000	494—4 6
74	North-West Frontier Province		99,68,000	497—557
75	Baluchistan		27, 2,000	558—587
76	Delhi		38,30,000	588—613
77	Ajmer-Merwara		15,58,000	614—637
78	Andamans and Nicobar Islands	Distributed over respective heads of account.	41,46,000	638—652
79	Rajputana		5,45,000	653—663
80	Central India		6,8 ,000	664—678
81	Hyderabad		8 ,000	679—685
82	Expenditure in England—Secretary of State for India		15,51,000	686—687
83	Expenditure in England—High Commissioner for India		21,32,000	688—690
Non-voted.	Ecclesiastical, Political, etc.		...	691—715
	TOTAL		25,97,82,000	
	B.—Expenditure charged to Capital.			
84	Capital outlay on Security Printing	Capital outlay on Security Printing	12,000	716
85	Forest Capital outlay	Capital outlay on Forests	1,000	717—720
86	Irrigation	Construction of Irrigation Works.	16,000	721—723
87	Indian Posts and Telegraphs	Capital outlay on Posts and Telegraphs.	59,90,000	724
88	Indo-European Telegraphs		1,000	725
89	Capital outlay on Currency Note Printing Press	Currency Capital outlay not charged to Revenue.	19,16,000	726
90	Capital outlay on Vizagapatam Harbour	Capital outlay on Vizagapatam Port.	39,43,000	727
91	Commuted value of Pensions	Payment of Commuted Value of Pensions.	19,05,000	728
92	New Capital at Delhi	Initial Expenditure on New Capital at Delhi.	65,18,000	729—737
	TOTAL		2,03,02,000	
	C.—Disbursements of Loans and Advances.			
93	Interest-free advances		1,01,33,000	738—739
94	Loans and advances bearing interest		3,80,78,000	740—742
	TOTAL		4,82,11,000	
	GRAND TOTAL		31,82,95,000	

Declaration by the Governor General in Council under Section 67-A(7) of the Government of India Act regarding certain demands refused by the Assembly.

In pursuance of Section 67-A(7) of the Government of India Act, the Governor General in Council is pleased to declare that the following demands which have been refused by the Legislative Assemby are essential to the discharge of his responsibilities :—

Demand.	Amount
	Rs.
1.—Railway Board	9,42,900
28.—Executive Council	59,979
38.—Army Department	5,73,000

A. F. L. BRAYNE,

Secretary to the Government of India.

The 24th March 1927.

THE INDIAN FINANCE BILL.

As passed by the Legislative Assembly on the 24th March 1927.

A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax.

Whereas it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax ; It is hereby enacted as follows :—

VI of 1898.
VIII of 1894.
II of 1899.
X of 1923.

Short title, extent and duration.

1. (*1*) This Act may be called the Indian Finance Act, 1927.

(*2*) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(*3*) Sections 2 and 3 shall remain in force only up to the 31st day of March, 1928.

XII of 1882.

Fixation of salt duty.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, with effect from the 1st day of April, 1927, they imposed such duty at the rate of ten annas per maund of eighty-two and two-sevenths pounds avoirdupois of

salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

Postal rates.

3. With effect from the 1st day of April, 1927, the schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act. VI of 1898.

Amendment of Act VIII of 1894.

4. With effect from the 1st day of March, 1927; the following amendments shall be made in the Indian Tariff Act, 1894, namely :— VIII of 1894.

(*1*) In the Second Schedule to that Act there shall be made the amendments specified in Part I of the Second Schedule to this Act.

(*2*) In the Third Schedule to that Act there shall be made the amendments specified in Part II of the Second Schedule to this Act.

Amendment of Act II of 1899.

5. With effect from the 1st day of July, 1927, the following amendments shall be made in the Indian Stamp Act, 1899, namely :— II of 1899.

(*1*) In section 3—

(*a*) in clause (*b*), the word " cheque " shall be omitted, and after the words " bill of exchange " the words " payable otherwise than on demand " shall be inserted ; and

(*b*) in clause (*c*), the word " cheque " shall be omitted.

(*2*) In clause (*b*) of section 11, the word " cheques " shall be omitted.

(*3*) In sub-section (*1*) of section 18, the word " cheque " shall be omitted.

(*4*) In section 19, after the words " bill of exchange ", where they first occur, the words " payable otherwise than on demand " shall be inserted, and the word " cheque ", in both places where it occurs, shall be omitted.

(*5*) In section 47, for the words " promissory note or cheque " the words " or promissory note " shall be substituted, and for the words " note or cheque ", wherever they occur thereafter, the words " or note " shall be substituted.

(*6*) In clause (*c*) of section 49,—

(*a*) the word " cheques " shall be omitted, and after the words " bills of exchange " the words " payable otherwise than on demand " shall be inserted ;

(*b*) the words " or cheque ", wherever they occur, shall be omitted ;

(*c*) the word " cheque ", wherever it occurs elsewhere, shall be omitted ; and

(*d*) for the words " any bill of exchange ", where they occur for the first time in sub-clauses (*1*) and (*3*), the words " any such bill of exchange " shall be substituted.

(*7*) In clause (*a*) of sub-section (*1*) of section 62 the word " cheque " shall be omitted, and after the words " bill of exchange " the words " payable otherwise than on demand " shall be inserted.

(8) In section 67, after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted.

(9) In article No. 13 of Schedule I, the word, figure and brackets "and (3)" shall be omitted, and the letter, brackets and words "(a) where payable on demand", together with the entry "one anna" in the second column against those words, shall be omitted.

(10) Article No. 21 of Schedule I shall be omitted.

Amendment of Act X of 1923.

6. In sub-section (7) of section 19 of the Indian Paper Currency Act, 1923, for the figures "1927" the figures "1928" shall be substituted.

Income-tax and super-tax.

7. (1) Income-tax for the year beginning on the 1st day of April, 1927, shall be charged at the rates specified in Part I of the Third Schedule.

(2) The rates of super-tax for the year beginning on the 1st day of April, 1927, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Third Schedule.

XI of 1922.

(3) For the purposes of the Third Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922.

XI of 1922.

It is hereby declared that it is expedient in the public interest that the provisions of clause 4 of the Bill should have temporary effect under the provisions of the Provisional Collection of Taxes Act, 1918.

XVI of 1918.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

[*See section 3.*]

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[*See section 7.*]

Letters.	
For a weight not exceeding two and a half tolas	One anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas.	One anna.
Postcards.	
Single	Half an anna.
Reply	One anna.
Book, Pattern and Sample Packets.	
For every five tolas or fraction thereof	Half an anna.
Registered Newspapers.	
For a weight not exceeding eight tolas	Quarter of anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.
Parcels.	
For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."

SCHEDULE II.

[*See section 4.*]

PART I.

Amendments to the Second Schedule to the Indian Tariff Act, 1894.

(1) (*a*) For item No. 10-A, the following Item shall be substituted, namely :—

"10-A RUBBER STUMPS, rubber seeds and raw rubber."

(*b*) In Item No. 76, for the words "excluding oil-seeds imported into British India by sea from the territories of any Prince or Chief in India (*see* No. 6)" the words "not otherwise specified" shall be substituted.

(2) For Item No. 36, the following Item shall be substituted, namely :—

			Rs. A.
"36	TOBACCO, unmanufactured	Pound	1 8 "

(3) (*a*) After Item No. 42, the following heading and Item shall be inserted, namely :—

"CARRIAGES AND CARTS

42-A.	MOTOR CARS, motor cycles, and motor scooters, and articles (other than rubber tyres and tubes) adapted for use as parts and accessories thereof : provided that such articles as are ordinarily also used for other purposes than as parts and accessories of motor vehicles included in this item or in No. 87 shall be dutiable at the rate of duty specified for such articles.	*Ad valorem*	20 per cent."

(*b*) In Item No. 87, for the figures " 127 " the figures and letter " 42-A " shall be substituted.

(*c*) In Item No. 115, for the words and figures " Nos. 53, and 139 " the word and figures " No. 53 " shall be substituted.

(*d*) Items Nos. 127 and 139 shall be omitted.

PART II.

Amendment to the Third Schedule to the Indian Tariff Act, 1894.

Item No. 5 and the heading thereto, shall be omitted.

SCHEDULE III.

[*See section 7.*]

PART I.

Rates of Income-tax.

	Rate.
A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(1) When the total income is less than Rs. 2,000 . . .	*Nil.*
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 20,000.	Nine pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and three pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards . . .	One anna and six pies in the rupee.
B. In the case of every company, and registered firm, whatever its total income.	One anna and six pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income :—

	Rate.
(1) in the case of every company	One anna in the rupee.
(2) (*a*) in the case of every Hindu undivided family—	
(*i*) in respect of the first twenty-five thousand rupees of the excess.	*Nil.*
(*ii*) for every rupee of the next twenty-five thousand rupees of such excess.	One anna in the rupee.
(*b*) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company, for every rupee of the first fifty thousand rupees of such excess.	One anna in the rupee.
(*c*) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(*i*) for every rupee of the second fifty thousand rupees of such excess.	One and a half annas in the rupee.
(*ii*) for every rupee of the next fifty thousand rupees of such excess.	Two annas in the rupee.
(*iii*) for every rupee of the next fifty thousand rupees of such excess.	Two and a half annas in the rupee.
(*iv*) for every rupee of the next fifty thousand rupees of such excess.	Three annas in the rupee.
(*v*) for every rupee of the next fifty thousand rupees of such excess.	Three and a half annas in the rupee.
(*vi*) for every rupee of the next fifty thousand rupees of such excess.	Four annas in the rupee.
(*vii*) for every rupee of the next fifty thousand rupees of such excess.	Four and a half annas in the rupee.
(*viii*) for every rupee of the next fifty thousand rupees of such excess.	Five annas in the rupee.
(*ix*) for every rupee of the next fifty thousand rupees of such excess.	Five and a half annas in the rupee.
(*x*) for every rupee of the remainder of the excess . .	Six annas in the rupee.

THE INDIAN FINANCE BILL.

AS PASSED BY THE COUNCIL OF STATE ON THE 26TH MARCH 1927 AND BY THE LEGISLATIVE ASSEMBLY ON THE 28TH MARCH 1927.

A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax; It is hereby enacted as follows :—

VI of 1898. VIII of 1894. II of 1899. X of 1923.

Short title, extent and duration.

1. (*1*) This Act may be called the Indian Finance Act, 1927.

(*2*) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(*3*) Sections 2 and 3 shall remain in force only up to the 31st day of March, 1928.

XII of 1882.

Fixation of salt duty.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, with effect from the 1st day of April, 1927, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

VI of 1898.

Postal rates.

3. With effect from the 1st day of April, 1927, the schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act.

VIII of 1894.

Amendment of Act VIII of 1894.

4. With effect from the 1st day of March, 1927, the following amendments shall be made in the Indian Tariff Act, 1894, namely : —

(*1*) In the Second Schedule to that Act there shall be made the amendments specified in Part I of the Second Schedule to this Act.

(*2*) In the Third Schedule to that Act there shall be made the amendment specified in Part II of the Second Schedule to this Act.

5. With effect from the 1st day of July, 1927, the following amendments shall be made in the Indian Stamp Act, 1899, namely: — II of 1899.

Amendment of Act II of 1899.

(*1*) In section 3 —

(*a*) in clause (*b*), the word "cheque" shall be omitted, and after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted; and

(*b*) in clause (*c*), the word "cheque" shall be omitted.

(*2*) In clause (*b*) of section 11, the word "cheques" shall be omitted.

(*3*) In sub-section (*1*) of section 18, the word "cheque" shall be omitted.

(*4*) In section 19, after the words "bill of exchange", where they first occur, the words "payable otherwise than on demand" shall be inserted, and the word "cheque", in both places where it occurs, shall be omitted.

(*5*) In section 47, for the words "promissory note or cheque" the words "or promissory note" shall be substituted, and for the words "note or cheque", wherever they occur thereafter, the words "or note" shall be substituted.

(*6*) In clause (*c*) of section 49,—

(*a*) the word "cheques" shall be omitted, and after the words "bills of exchange" the words "payable otherwise than on demand" shall be inserted;

(*b*) the words "or cheque", wherever they occur, shall be omitted;

(*c*) the word "cheque", wherever it occurs elsewhere, shall be omitted; and

(*d*) for the words "any bill of exchange", where they occur for the first time in sub-clauses (*1*) and (*3*), the words "any such bill of exchange" shall be substituted.

(*7*) In clause (*a*) of sub-section (*1*) of section 62, the word "cheque" shall be omitted, and after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted.

(*8*) In section 67, after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted.

(*9*) In article No. 13 of Schedule I, the word, figure and brackets "and (*3*)" shall be omitted, and the letter, brackets and words "(*a*) where payable on demand", together with the entry "one anna" in the second column against those words, shall be omitted.

(*10*) Article No. 21 of Schedule I shall be omitted.

X of 1923.

6. In sub-section (*7*) of section 19 of the Indian Paper Currency Act, 1923, for the figures "1927" the figures "1928" shall be substituted.

Amendment of Act X of 1923.

7. (*1*) Income-tax for the year beginning on the 1st day of April, 1927, shall be charged at the rates specified in Part I of the Third Schedule.

Income-tax and super-tax.

(*2*) The rates of super-tax for the year beginning on the 1st day of April, 1927, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Third Schedule.

XI of 1922.

(*3*) For the purposes of the Third Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922.

XI of 1922.

It is hereby declared that it is expedient in the public interest that the provisions of clause 4 of the Bill should have temporary effect under the provisions of the Provisional Collection of Taxes Act, 1918.

XVI of 1918.

(Schedules as on pages 191—193 of this volume).

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

Delhi, the 9th April 1927.

The following Act of the Indian Legislature received the assent of the Governor General on the 30th March, 1927, and is hereby promulgated for general information :—

ACT NO. V OF 1927.

An Act to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Tariff Act, 1894, the Indian Stamp Act, 1899, and the Indian Paper Currency Act, 1923, and to fix rates of income-tax ; It is hereby enacted as follows :— VI of 1898. VIII of 1894. II of 1899. X of 1923.

Short title, extent and duration.

1. (*1*) This Act may be called the Indian Finance Act, 1927.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(*3*) Sections 2 and 3 shall remain in force only up to the 31st day of March, 1928.

Fixation of salt duty.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, with effect from the 1st day of April, 1927, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section. XII of 1882.

Postal rates.

3. With effect from the 1st day of April, 1927, the schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act. VI of 1898.

4. With effect from the 1st day of March, 1927; the following amendments shall be made in the Indian Tariff Act, 1894, namely :—

Amendment of Act VIII of 1894.

VIII of 1894.

(*1*) In the Second Schedule to that Act there shall be made the amendments specified in Part I of the Second Schedule to this Act.

(*2*) In the Third Schedule to that Act there shall be made the amendments specified in Part II of the Second Schedule to this Act.

5. With effect from the 1st day of July, 1927, the following amendments shall be made in the Indian Stamp Act 1899, namely :—

Amendment of Act II of 1899.

II of 1899.

(*1*) In section 3—

(*a*) in clause (*b*), the word "cheque" shall be omitted, and after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted; and

(*b*) in clause (*c*), the word "cheque" shall be omitted.

(*2*) In clause (*b*) of section 11, the word "cheques" shall be omitted.

(*3*) In sub-section (*1*) of section 18, the word "cheque" shall be omitted.

(*4*) In section 19, after the words "bill of exchange", where they first occur, the words "payable otherwise than on demand" shall be inserted, and the word "cheque", in both places where it occurs, shall be omitted.

(*5*) In section 47, for the words "promissory note or cheque" the words "or promissory note" shall be substituted, and for the words "note or cheque", wherever they occur thereafter, the words "or note" shall be substituted.

(*6*) In clause (*c*) of section 49,—

(*a*) the word "cheques" shall be omitted, and after the words "bills of exchange" the words "payable otherwise than on demand" shall be inserted;

(*b*) the words "or cheque", wherever they occur, shall be omitted;

(*c*) the word "cheque", wherever it occurs elsewhere, shall be omitted; and

(*d*) for the words "any bill of exchange", where they occur for the first time in sub-clauses (*1*) and (*3*), the words "any such bill of exchange" shall be substituted.

(*7*) In clause (*a*) of sub-section (*1*) of section 62 the word "cheque" shall be omitted, and after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted.

(8) In section 67, after the words "bill of exchange" the words "payable otherwise than on demand" shall be inserted.

(9) In article No. 13 of Schedule I, the word, figure and brackets "and (3)" shall be omitted, and the letter, brackets and words "(a) where payable on demand", together with the entry "one anna" in the second column against those words, shall be omitted.

(10) Article No. 21 of Schedule I shall be omitted.

Amendment of Act X of 1923.

6. In sub-section (7) of section 19 of the Indian Paper Currency Act, 1923, for the figures "1927" the figures "1928" shall be substituted. X of 1923.

Income-tax and super-tax.

7. (1) Income-tax for the year beginning on the 1st day of April 1927, shall be charged at the rates specified in Part I of the Third Schedule.

(2) The rates of super-tax for the year beginning on the 1st day of April, 1927, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Third Schedule. XI of 1922.

(3) For the purposes of the Third Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922. XI of 1922.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

[*See section 3.*]

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[*See section 7.*]

Letters.

For a weight not exceeding two and a half tolas	One anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas	One anna.

Postcards.

Single	Half an anna.
Reply	One anna.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof	Half an anna.

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."

SCHEDULE II.

[*See section 4.*]

PART I.

Amendments to the Second Schedule to the Indian Tariff Act, 1894.

(1) (*a*) For Item No. 10-A, the following Item shall be substituted, namely :—

"10-A | RUBBER STUMPS, rubber seeds and raw rubber."

(*b*) In Item No. 76, for the words "excluding oil-seeds imported into British India by sea from the territories of any Prince or Chief in India (*see* No. 6)" the words "not otherwise specified" shall be substituted.

(2) For Item No. 36, the following Item shall be substituted, namely :—

			Rs. A.	
"36	TOBACCO, unmanufactured	Pound	1 8	"

(3) (*a*) After Item No. 42, the following heading and Item shall be inserted, namely : —

"CARRIAGES AND CARTS.

42-A.	MOTOR CARS, motor cycles, and motor scooters, and articles (other than rubber tyres and tubes) adapted for use as parts and accessories thereof : provided that such articles as are ordinarily also used for other purposes than as parts and accessories of motor vehicles included in this item or in No. 87 shall be dutiable at the rate of duty specified for such articles.	*Ad valorem*	20 per cent."

(*b*) In Item No. 87, for the figures "127" the figures and letter "42-A" shall be substituted.

(*c*) In Item No. 115, for the words and figures "Nos. 53 and 139" the word and figures "No. 53" shall be substituted.

(*d*) Items Nos. 127 and 139 shall be omitted.

PART II.

Amendment to the Third Schedule to the Indian Tariff Act, 1894.

Item No. 5 and the heading thereto shall be omitted.

SCHEDULE III.

[*See section 7.*]

PART I.

Rates of Income-tax.

	Rate.
A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(1) When the total income is less than Rs. 2,000	*Nil.*
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 20,000.	Nine pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and three pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards . . .	One anna and six pies in the rupee.
B. In the case of every company and registered firm, whatever its total income.	One anna and six pies in the rupee.

PART II.

Rates of Super-tax.

	Rate.
In respect of the excess over fifty thousand rupees of total income:—	
(1) in the case of every company	One anna in the rupee.
(2) (*a*) in the case of every Hindu undivided family—	
(*i*) in respect of the first twenty-five thousand rupees of the excess	*Nil.*
(*ii*) for every rupee of the next twenty-five thousand rupees of such excess.	One anna in the rupee.
(*b*) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company, for every rupee of the first fifty thousand rupees of such excess.	One anna in the rupee.
(*c*) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(*i*) for every rupee of the second fifty thousand rupees of such excess.	One and a half annas in the rupee.

PART II—*contd.*

Rates of Super-tax—contd.

(*ii*) for every rupee of the next fifty thousand rupees of such excess	Two annas in the rupee.
(*iii*) for every rupee of the next fifty thousand rupees of such excess	Two and a half annas in the rupee.
(*iv*) for every rupee of the next fifty thousand rupees of such excess	Three annas in the rupee.
(*v*) for every rupee of the next fifty thousand rupees of such excess	Three and a half annas in the rupee.
(*vi*) for every rupee of the next fifty thousand rupees of such excess	Four annas in the rupee.
(*vii*) for every rupee of the next fifty thousand rupees of such excess	Four and a half annas in the rupee.
(*viii*) for every rupee of the next fifty thousand rupees of such excess	Five annas in the rupee.
(*ix*) for every rupee of the next fifty thousand rupees of such excess	Five and a half annas in the rupee.
(*x*) for every rupee of the remainder of the excess	Six annas in the rupee.

W. T. M. WRIGHT,

Offg. Secretary to the Government of India.

No. 4504-F.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

New Delhi, the 31st March 1927.

RESOLUTION.

THE statements relating to the revised estimates for 1926-27 and the Budget estimates for 1927-28, which were presented to the Legislative Assembly and the Council of State on the 18th and the 28th February 1927, have now been reconsidered with reference to the reductions in the demands for grants, and the modification in the Indian Finance Bill, made by the Legislative Assembly, and the action taken by the Governor General in Council in respect to certain demands refused by the Assembly. The revised statements are now published for general information.

2. The following reductions were made by the Legislative Assembly in the demands presented to them :—

Demand.	Amount.
	Rs.
1.—Railway Board	9,42,902
23.—Indian Postal and Telegraph Department . . .	2
28.—Executive Council	59,999
38.—Army Department	5,89,000

Of these, the Governor General in Council has, under Section 67-A (7) of the Government of India Act, decided that the following amounts are essential to the discharge of his responsibilities :—

Demand.	Amount.
	Rs.
1.—Railway Board	9,42,900
28.—Executive Council	59,999
38.—Army Department	5,78,000

The remaining alternations result in a reduction of the expenditure in 1927-28 by Rs. 11,000 roundly, while the restoration of the export duty on hides has the effect of increasing the year's revenue by Rs. 9 lakhs. In consequence, the transfer to revenue from the Revenue Reserve Fund in 1927-28 has been reduced by Rs. 9,11,000, so that the estimates now published, like those originally presented, show neither a revenue surplus nor a revenue deficit.

A. F. L. BRAYNE,

Secretary to the Government of India.

BUDGET

of the

Government of India,

March 1927.

ACCOUNTS	1925-26
REVISED ESTIMATES	1926-27
BUDGET ESTIMATES	1927-28

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I.—General Statement of the Revenue and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	47,77,95,049	46,40,00,000	47,69,71,000	48,73,37,000
Taxes on Income	,,	15,85,93,439	16,14,67,000	15,85,47,000	16,95,05,000
Salt	,,	6,32,96,778	6,90,00,000	6,70,00,000	7,00,00,000
Opium	,,	4,14,90,581	3,80,00,000	4,18,51,000	3,83,06,000
Other Heads	,,	2,12,59,871	2,25,43,000	2,26,42,000	2,27,06,000
TOTAL PRINCIPAL HEADS		76,24,44,718	75,50,10,000	76,70,11,000	78,78,56,000
Railways: Net Receipts (as per Railway Budget)		34,40,12,775	35,44,33,000	32,81,80,000	34,97,13,000
Irrigation: Net Receipts	A	12,03,397	8,21,000	9,73,000	10,36,000
Posts and Telegraphs: Net Receipts	,,	86,35,229	45,52,000	48,92,000	58,07,000
Interest Receipts	,,	4,21,95,320	3,47,11,000	3,81,48,000	3,16,13,000
Civil Administration	,,	89,97,693	77,86,000	82,00,000	84,21,000
Currency and Mint	,,	4,63,89,101	4,29,68,000	4,17,69,000	2,48,70,000
Civil Works	,,	12,85,165	9,98,000	14,91,000	17,45,000
Miscellaneous	,,	54,17,872	39,27,000	55,97,000	46,90,000
Military Receipts	,,	4,39,51,391	4,20,79,000	4,65,23,000	1,80,49,000
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments	,,	6,24,08,643	5,45,12,000	5,17,61,000	...
Extraordinary Items	,,	63,57,154	16,00,000	52,03,000	1,87,65,000
TOTAL REVENUE		1,33,32,98,658	1,30,42,97,000	1,29,97,48,000	1,25,25,65,000
DEFICIT		...	...	...	...
TOTAL		1,33,32,98,658	1,30,42,97,000	1,29,97,48,000	1,25,25,65,000

M. F. GAUNTLETT,
Auditor General.

NEW DELHI,
FINANCE DEPARTMENT;
The 31st March 1927.

Revenue of the Central Government, in India and in England.

	For details, *vide* Statement.	Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
		Rs.	Rs.	Rs.	Rs.
Expenditure—					
Direct Demands on the Revenues	B	5,37,59,201	5,00,14,000	4,34,41,000	4,30,30,000
Salt and other Capital outlay charged to Revenue	,,	7,18,044	10,20,000	8,39,000	18,79,000
Railways : Interest and Miscellaneous Charges (as per Railway Budget)		28,91,09,206	29,43,46,000	26,80,93,000	29,40,05,000
Irrigation	,,	20,15,353	17,34,000	16,52,000	18,70,0
Posts and Telegraphs	,,	—1,01,89,731	86,01,000	78,60,000	84,61,000
Debt Services	,,	18,34,24,692	17,51,76,000	16,68,69,000	15,74,34,000
Civil Administration	,,	10,76,48,431	11,45,30,000	11,27,53,000	11,31,39,000
Currency and Mint	,,	70,11,413	78,24,000	77,91,000	74,85,000
Civil Works	,,	1,60,41,798	1,80,11,000	1,90,25,000	1,66,98,000
Miscellaneous	,,	4,25,59,999	3,96,31,000	4,02,26,000	3,97,15,000
Military Services	,,	60,39,37,045	59,17,79,000	60,20,23,000	56,72,49,000
Miscellaneous adjustments between the Central and Provincial Governments	,,	15,68,166	6,00,000	4,72,000	...
Extraordinary Items	,,	25,76,854	5,00,000	2,87,04,000	7,00,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,30,01,80,471	1,30,37,66,000	1,29,97,48,000	1,25,25,65,000
SURPLUS		3,31,18,187	5,31,000	...	...
TOTAL		1,33,32,98,658	1,30,42,97,000	1,29,97,48,000	1,25,25,65,000

H. DENNING,
Controller of the Currency.

A. F. L. BRAYNE,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts.			
		Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
		Rs.	Rs.	Rs.	Rs.
Surplus	C	3,31,18,187	5,31,000	...	...
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)		77,15,537	2,95,19,000	...	2,58,92,000
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	...	...	3,35,11,000	7,22,41,000
Unfunded Debt (net incurred)	„	13,45,50,536	9,58,16,000	12,70,76,000	11,63,39,000
Deposits and Advances (net)	„	9,53,74,499	7,01,96,000	19,25,20,000	8,14,87,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	„	6,00,99,004	5,25,07,000	2,97,05,000	4,11,58,000
TOTAL DEBT, DEPOSITS AND ADVANCES.		29,00,24,039	21,85,19,000	38,28,12,000	26,12,25,000
Remittances (net)	„	...	...	64,13,000	...
Balances of Provincial Governments (net).	„	3,20,25,342	29,000	...	...
TOTAL RECEIPTS		36,28,83,105	24,85,98,000	38,92,25,000	28,71,17,000
Opening Balance—India		31,73,60,743	23,88,39,743	25,14,88,041	24,73,44,041
England		13,51,68,257	14,49,33,257	15,04,63,055	5,24,32,055
TOTAL		81,54,12,105	62,23,71,000	79,11,76,096	58,68,93,096

M. F. GAUNTLETT,
Auditor General.

NEW DELHI,
FINANCE DEPARTMENT;
The 31st March 1927.

Central Government, in India and in England.

	For details, *vide* Statement.	Disbursements. Accounts, 1925-26.	Budget Estimate, 1926-27.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
		Rs.	Rs.	Rs.	Rs.
Deficit	C	...	...	...	...
Railway, Irrigation, Posts and Telegraphs and other Capital not charged to Revenue—					
Capital outlay on Security Printing	,,	16,39,618	1,72,000	10,68,000	12,000
Construction of State Railways (as per Railway Budget)		19,24,49,930	26,00,00,000	27,00,00,000	25,00,00,000
Discharge of Debentures (as per Railway Budget)		82,61,618	3,61,85,000	2,63,43,000	3,31,86,000
Redemption of liabilities involved in the purchase of Railways (as per Railway Budget)		3,42,73,830	...	...	...
Construction of Irrigation Works	,,	—96,675	—55,000	—76,000	16,000
Capital outlay on Posts and Telegraphs	,,	2,23,54,139	59,32,000	31,35,000	58,02,000
Capital outlay on Vizagapatam Port	,,	64,76,753	48,70,000	38,14,000	39,43,000
Currency Capital outlay	,,	...	...	8,61,000	19,23,000
Initial expenditure on New Capital at Delhi	,,	99,06,184	1,00,50,000	75,00,000	70,00,000
Payment of commuted value of pensions	,,	...	35,00,000	35,00,000	33,35,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS		27,52,65,397	32,06,54,000	31,67,45,000	30,52,17,000
Debt, Deposits and Advances—					
Permanent Debt (net discharged)	,,	4,03,35,226	89,17,000	...	...
Floating Debt (net discharged)	,,	25,000	...	8,18,15,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES		4,03,60,226	89,17,000	8,18,15,000	...
Loans and Advances by Central Government (net Advances)	,,	8,92,44,608	8,06,23,000	5,19,45,000	3,03,02,000
Remittances (net)	,,	85,90,778	5,48,000	...	14,95,000
Balances of Provincial Governments (net)	,,	...	...	4,08,95,000	5,18,92,000
TOTAL DISBURSEMENTS	...	41,34,61,009	41,07,42,000	49,14,00,000	38,89,06,000
Closing Balance—India	...	25,14,88,041	15,61,98,743	24,73,44,041	14,79,00,041
England	...	15,04,63,055	5,54,30,257	5,24,32,055	5,00,87,055
TOTAL	...	81,54,12,105	62,23,71,000	79,11,76,096	58,68,93,096

H. DENNING,
Controller of the Currency.

A. F. L. BRAYNE,
Secretary to the Government of India.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1925-26.				Revised Estimate		Item
	India.	* England.	Exchange.	Total.	India.	* England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	47,77,95,049	...	...	47,77,95,049	47,69,71,000	...	1
II.—Taxes on Income	15,93,09,274	—4,64,137	—1,51,698	15,86,93,439	15,93,60,000	—6,00,000	2
III.—Salt	6,32,96,778	...	...	6,32,96,778	6,70,00,000	...	3
IV.—Opium	4,14,99,581	...	...	4,14,99,581	4,18,61,000	...	4
V.—Land Revenue	38,52,885	...	...	38,52,885	41,05,000	...	5
VI.—Excise	42,20,576	...	...	42,20,576	48,53,000	...	6
VII.—Stamps	27,14,757	...	...	27,14,757	26,55,000	...	7
VIII.—Forest	18,74,128	...	...	18,74,128	24,54,000	...	8
IX.—Registration	1,68,043	...	...	1,68,043	1,65,000	...	9
X.—Tributes from Indian States	84,29,482	...	...	84,29,482	83,80,000	...	10
Total	76,30,60,553	—4,64,137	—1,51,698	76,24,44,718	76,78,14,000	—6,00,000	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	19,06,454	...	...	19,06,454	22,38,000	...	12
Deduct—Working Expenses	*7,09,351*	...	...	*7,09,351*	*13,71,000*	...	13
Net Receipts	11,97,103	...	...	11,97,103	9,67,000	...	14
XIV.—Works for which no Capital Accounts are kept	6,294	...	...	6,294	6,000	...	15
Total	12,03,397	...	...	12,03,397	9,73,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—							
Indian Postal and Telegraph Department—Gross Receipts	10,21,37,542	...	...	10,21,37,542	10,51,03,000	...	17
Deduct—Working Expenses	*9,28,89,569*	*6,82,946*	*2,28,286*	*9,37,95,801*	*9,97,03,000*	*5,91,000*	18
Net Receipts	92,47,973	—6,82,946	—2,28,286	83,41,741	54,00,000	—5,91,000	19
Indo-European Telegraph Department—Gross Receipts	22,39,246	10,57,716	3,45,768	36,42,730	15,30,000	15,50,000	20
Deduct—Working Expenses	*81,89,855*	*1,20,293*	*89,094*	*83,49,242*	*81,65,000*	*1,17,000*	21
Net Receipts	—9,50,609	9,37,423	3,06,674	2,93,488	—16,35,000	14,33,000	3
Total	82,97,364	2,54,477	83,388	86,35,229	37,65,000	8,42,000	23
Debt Services—							
XVI.—Interest	95,77,147	2,46,46,525	79,71,648	4,21,95,320	66,53,000	2,35,39,000	24
Carried over	78,21,38,461	2,44,36,865	79,03,336	81,44,78,664	77,92,05,000	2,37,81,000	25

* Sterling converted into Rupees at £1=Rs. 10.

Government, in India and in England.

Item No.	1926-27. Exchange.	1926-27. Total.	Increase (+) Decrease (—) as compared with Budget, 1926-27.	Budget Estimate, 1927-28. India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1926-27.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	47,69,71,000	+1,29,71,000	48,73,37,000	...	...	48,73,37,000	+1,03,66,000
2	—2,03,000	15,85,42,000	—29,20,000	16,25,05,000	...	...	16,25,05,000	+1,09,58,000
3	...	6,70,00,000	—2 0,00,000	7,00,00,000	...	...	7,00,00,000	+30,00,000
4	...	4,18,51,000	+38,51,000	3,83,08,000	...	...	3,83,08,000	—35,43,000
5	...	41,05,000	+2,02,000	41,97,000	...	...	41,97,000	+92,000
6	...	48,53,000	+1,03,000	44,89,000	...	...	44,89,000	—3,64,000
7	...	26,55,000	— 93,000	26,47,000	...	...	26,47,000	— 8,000
8	...	25,84,000	—1,91,000	27,21,000	...	...	27,21,000	+2,37,000
9	...	1,65,000	+ 1,000	1,66,000	...	...	1,66,000	+ 1,000
10	...	83,80,000	—14,000	84,85,000	...	...	84,85,000	+1,05,000
11	—2,03,000	76,70,11,000	+1,20,01,000	78,78,56,000	...	...	78,78,56,000	+2,08,45,000
12	...	22,38,000	+2,20,000	20,83,000	...	...	20,83,000	—1,55,000
13	...	12,71,000	—69,000	10,53,000	...	...	10,53,000	+2,18,000
14	...	9,67,000	+1,51,000	10,30,000	...	...	10,30,000	+63,000
15	...	6,000	+1,000	6,000	...	...	6,000	...
16	...	9,73,000	+1,52,000	10,36,000	...	...	10,36,000	+63,000
17	...	10,51,03,000	—13,62,000	10,79,83,000	...	...	10,79,83,000	+28,80,000
18	2,00,000	10,04,94,000	+12,56,000	10,16,80,000	5,46,000	1,82,000	10,24,08,000* (a)	—19,14,000
19	—2,00,000	46,09,000	—1,06,000	63,03,000	—5,46,000	—1,82,000	55,75,000	+9,66,000
20	5,24,000	36,04,000	+2,00,000	17,15,000	14,60,000	4,87,000	36,62,000	+58,000
21	39,000	33,21,000	+2,46,000	32,72,000	1,19,000	39,000	34,30,000	—1,09,000
22	4,85,000	2,83,000	+4,46,000	—15,57,000	13,41,000	4,48,000	2,32,000	—51,000
23	2,85,000	48,92,000	+3,40,000	47,46,000	7,95,000	2,66,000	58,07,000	+9,15,000
24	79,56,000	3,81,48,000	+34,37,000	70,69,000	1,84,08,000	61,36,000	3,16,13,000	—65,35,000
25	80,38,000	81,10,24,000	+1,59,30,000	80,07,07,000	1,92,03,000	64,02,000	82,63,12,000	+1,52,88,000

(a) * The amount voted by the Assembly is Rs. 2 less, but the figure in this statement is given in round thousands of rupees as usual.

A.—Statement of the Revenue of the Centr

HEADS OF REVENUE.	Accounts, 1925-26.				Revised Estimat		Item No.
	India.	*England.	Exchange.	Total.	India.	*England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	78,21,38,461	2,44,36,865	79,03,338	81,44,78,664	77,92,05,000	2,37,81,000	
Civil Administration—							
XVII.—Administration of Justice	3,68,992	...	...	3,68,992	3,64,000	...	1
XVIII.—Jails and Convict Settlements	5,96,187	...	...	5,96,187	3,35,000	...	2
XIX.—Police	5,33,561	...	...	5,33,561	1,22,000	...	3
XX.—Ports and Pilotage	25,18,474	...	...	25,18,474	24,76,000	...	4
XXI.—Education	1,34,660	...	...	1,34,660	1,62,000	...	5
XXII.—Medical	3,53,810	...	...	3,53,810	3,57,000	...	6
XXIII.—Public Health	1,86,039	...	...	1,86,039	1,84,000	...	7
XXIV.—Agriculture	17,98,750	...	...	17,98,750	16,42,000	...	8
XXV.—Industries	...	...	...	...	...	...	9
XXVI.—Miscellaneous Departments	25,07,200	...	...	25,07,200	13,03,000	...	10
XXVI-A.—Indian Stores Department	...	...	...	...	12,55,000	...	11
Total	9,97,693	...	...	89,97,693	82,00,000	...	12
Currency and Mint—							
XXVII.—Currency	3,05,76,466	93,56,509	30,62,989	4,29,95,964	3,04,08,000	76,50,000	13
XXVIII.—Mint	33,93,123	11	3	33,93,137	10,77,000	36,000	14
Total	3,39,69,589	93,56,520	30,62,992	4,63,89,101	3,14,85,000	76,86,000	15
Civil Works—							
XXX.—Civil Works	12,85,165	...	...	12,85,165	14,91,000	...	16
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	20,36,771	3,80,543	1,24,661	25,41,975	17,84,000	3,53,000	17
XXXIV.—Stationery and Printing	16,11,026	8,693	2,829	16,22,548	17,77,000	9,000	18
XXXV.—Miscellaneous	7,93,631	3,46,833	1,12,895	12,53,349	10,97,000	3,46,000	19
Total	44,41,418	7,36,069	2,40,385	54,17,872	46,58,000	7,02,000	20
Military Receipts—							
XXXVI.—Army—							
Effective	2,77,40,445	26,55,816	8,75,136	3,12,71,397	2,76,75,000	25,85,000	21
Non-effective	13,62,246	6,50,731	2,11,524	22,24,501	10,11,000	11,03,000	22
	2,91,02,691	33,06,547	10,86,660	3,34,95,898	2,86,86,000	36,88,000	23
XXXVII.—Marine	14,74,245	...	...	14,74,245	13,71,000	...	24
XXXVIII.—Military Engineer Services	89,81,248	...	...	89,81,248	1,15,32,000	...	25
Total	3,95,58,184	33,06,547	10,86,660	4,39,51,391	4,15,89,000	36,88,000	26
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—							
XXXIX.—Contributions to the Central Government by Provincial Governments	6,20,12,000	...	...	6,20,12,000	5,17,12,000	...	27
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	3,96,843	...	...	3,96,843	40,000	...	28
Total	6,24,08,843	...	...	6,24,08,843	5,17,61,000	...	29
Extraordinary Items—							
XL.—Extraordinary Receipts	28,346	47,58,280	15,70,528	63,57,154	7,45,000	33,32,000	30
XL-A.—Transfers from Revenue Reserve Fund	...	...	...	...	...	...	31
Total	28,346	47,58,280	15,70,528	63,57,154	7,45,000	33,32,000	32
Railway Revenues as per Railway Budget	34,17,74,416	16,77,748	5,60,611	34,40,12,775	33,01,71,000	—14,88,000	33
TOTAL REVENUE	1,27,46,02,115	4,42,72,029	1,44,24,514	1,33,32,98,658	1,24,93,05,000	3,77,01,000	34

*Sterling converted into Rupees at £1 =Rs. 10.

Government, in India and in England—*contd.*

Item No.	1926-27. Exchange.	1926-27. Total.	Increase (+) Decrease (−) as compared with Budget, 1926-27.	Budget Estimate, 1927-28. India.	Budget Estimate, 1927-28. England.	Budget Estimate, 1927-28. Exchange.	Budget Estimate, 1927-28. Total.	Increase (+) Decrease (−) as compared with Revised, 1926-27.
	Rs. 80,38,000	Rs. 81,10,24,000	Rs. +1,59,30,000	Rs. 80,07,07,000	Rs. 1,92,03,000	Rs. 64,02,000	Rs. 82,63,12,000	Rs. +1,52,88,000
1	...	3,64,000	+31,000	3,65,000	...	...	3,65,000	+1,000
2	...	3,35,000	−66,000	3,33,000	...	...	3,33,000	−2,000
3	...	1,22,000	+51,000	1,24,000	...	...	1,24,000	+2,000
4	...	24,76,000	−14,000	25,20,000	...	...	25,20,000	+44,000
5	...	1,62,000	−30,000	1,62,000	...	...	1,62,000	...
6	...	3,57,000	+2,29,000	3,58,000	...	...	3,58,000	+1,000
7	...	1,84,000	+38,000	1,84,000	...	...	1,84,000	...
8	...	16,42,000	+44,000	17,23,000	...	...	17,23,000	+81,000
9	...	...	...	10,000	...	...	10,000	+10,000
10	...	13,03,000	+76,000	12,99,000	...	...	13,99,000	−4,000
11	...	12,55,000	+55,000	13,43,000	...	...	13,43,000	+88,000
12	...	82,00,000	+4,14,000	84,21,000	...	...	84,21,000	+2,21,000
13	25,86,000	4,06,44,000	+1,98,000	2,15,52,000	10,00,000	3,34,000	2,28,86,000	−1,77,58,000
14	12,000	11,25,000	−13,97,000	19,83,000	1,000	...	19,84,000	+8,59,000
15	25,98,000	4,17,69,000	−11,99,000	2,35,35,000	10,01,000	3,34,000	2,48,70,000	−1,68,99,000
16	...	14,91,000	+4,93,000	17,45,000	...	...	17,45,000	+2,54,000
17	1,19,000	22,56,000	+1,30,000	14,28,000	3,37,000	1,12,000	18,72,000	−3,84,000
18	3,000	17,89,000	+7,85,000	16,10,000	9,000	3,000	16,22,000	−1,67,000
19	1,15,000	15,52,000	+7,55,000	11,76,000	15,000	5,000	11,96,000	−3,56,000
20	2,37,000	55,97,000	+16,70,000	42,09,000	3,61,000	1,20,000	46,90,000	−9,07,000
21	8,73,000	3,11,33,000	+37,27,000	58,57,000	18,26,000	6,32,000	83,85,000	−2,27,48,000
22	3,73,000	24,87,000	−23,000	11,79,000	11,19,000	3,73,000	26,71,000	+1,84,000
23	12,46,000	3,36,20,000	+37,04,000	70,36,000	30,15,000	10,05,000	1,10,56,000	−2,25,64,000
24	...	13,71,000	−4,16,000	12,60,000	...	...	12,60,000	−1,11,000
25	...	1,15,32,000	+2,56,000	57,33,000	...	...	57,33,000	−57,99,000
26	12,46,000	4,65,23,000	+35,44,000	1,40,29,000	30,15,000	10,05,000	1,80,49,000	−2,84,74,000
27	...	5,17,12,000	−28,00,000	...	...	...	...	−5,17,12,000
28	...	49,000	+49,000	...	...	...	...	−49,000
29	...	5,17,61,000	−27,51,000	...	...	...	...	−5,17,61,000
30	11,26,000	52,03,000	+36,03,000	...	12,00,000	4,00,000	16,00,000	−36,03,000
31	...	...	...	1,71,65,000	...	...	1,71,65,000	+1,71,65,000
32	11,26,000	52,03,000	+36,03,000	1,71,65,000	12,00,000	4,00,000	1,87,65,000	+1,35,62,000
33	−5,03,000	32,81,80,000	−2,62,53,000	35,13,96,000	−12,62,000	−4,21,000	34,97,13,000	+2,15,33,000
34	1,27,42,000	1,29,97,48,000	−45,49,000	1,32,12,07,000	2,35,18,000	78,40,000	1,25,25,65,000	−4,71,83,000

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	Accounts, 1925-26.				Revised,	
	India.	* England.	Exchange.	Total.	India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenues						
1.—Customs	80,14,666	1,22,249	40,117	81,77,032	81,41,000	1
2.—Taxes on income	57,03,445	81,606	26,851	58,71,902	61,61,000	2
3.—Salt	1,24,69,190	27,859	9,110	1,25,06,159	1,23,03,000	3
4.—Opium	2,10,33,560	85,650	27,934	2,11,47,144	1,05,96,000	4
5.—Land Revenue	12,26,221	3,134	1,026	12,30,381	12,59,000	5
6.—Excise	11,29,933	3,600	1,179	11,34,712	10,88,000	6
7.—Stamps	—1,40,137	6,14,710	2,01,573	6,76,146	1,80,000	7
8.—Forest	27,14,216	2,04,307	66,772	29,85,295	30,49,000	8
9.—Registration	30,430	...	...	30,430	31,000	9
Total	5,22,41,524	11,43,115	3,74,562	5,37,59,201	4,27,78,000	10
Salt and other Capital outlay charged to Revenue						
3A.—Capital outlay on Salt Works	7,18,044	...	...	7,18,044	5,89,000	11
7A.—Capital outlay on Security Printing Press	...	...	...	...	2,50,000	12
8A.—Forest Capital outlay	...	...	...	...	...	13
Total	7,18,044	...	...	7,18,044	8,39,000	14
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	12,06,983	...	...	12,06,983	12,03,000	15
15.—Other Revenue Expenditure	6,41,995	43,050	14,290	6,99,335	3,15,000	16
Total	18,48,978	43,050	14,290	19,06,318	15,18,000	17
Irrigation, etc., Capital Account (charged to Revenue)—						
16.—Construction of Irrigation, etc., Works—Financed from Ordinary Revenues	1,09,035	...	...	1,09,035	48,000	18
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Postal and Telegraph Department	46,38,461	...	...	46,38,461	53,26,000	19
Indo-European Telegraph Department	4,30,673	...	...	4,30,673	5,17,000	20
Total	50,69,134	...	...	50,69,134	58,43,000	21
Posts and Telegraphs Capital Account (charged to Revenue)—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Postal and Telegraph Department	—1,40,87,446	...	...	—1,40,87,446	18,52,000	22
Indo-European Telegraph Department	—14,10,058	1,79,860	58,779	—11,71,419	1,56,000	23
Total	—1,54,97,504	1,79,860	58,779	—1,52,58,865	20,08,000	24
Debt Services—						
19.—*Interest on* Ordinary Debt	20,76,20,974	13,07,07,379	4,28,97,788	38,12,26,141	19,94,31,000	25
Deduct—Amount chargeable to—						
Railways	*13,48,02,967*	*7,27,10,080*	*2,38,99,465*	*23,14,12,512*	*14,53,89,000*	26
Irrigation	*12,06,983*	...	...	*12,06,983*	*12,03,000*	27
Posts and Telegraphs	*51,25,932*	...	...	*51,25,932*	*59,20,000*	28
Other heads	*6,45,467*	...	...	*6,45,467*	*10,66,000*	29
Provincial Loans Fund	*5,20,83,051*	...	...	*5,20,83,051*	*5,34,33,000*	30
Remainder chargeable to Ordinary Debt	1,37,56,574	5,79,97,299	1,89,98,323	9,07,52,196	—75,80,000	31
20.—Interest on other Obligations	4,28,12,115	1,01,447	33,582	4,29,47,144	4,93,19,000	32
21.—Reduction or Avoidance of Debt	4,97,25,352	...	...	4,97,25,352	4,97,15,000	33
Total	10,62,94,041	5,80,9[illegible]	[illegible]90,[illegible]1,965	18,34,24,692	9,14,54,000	34
Carried over	15,07,83,252	5,94,64,771	1,94,79,536	22,97,27,559	14,44,88,000	35

* Sterling converted into Rupees at £1 = Rs. 10.

t the Central Government, in India and in England.

Item No.	ESTIMATE, 1926-27.			Increase (+) Decrease (—) as compared with Budget, 1926-27.	BUDGET ESTIMATE, 1927-28.				Increase (+) Decrease (—) as compared with Revised, 1926-27.
	* England.	Exchange.	TOTAL.		India.	* England.	Exchange.	* TOTAL.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	1,24,000	42,000	83,07,000	—2,41,000	86,03,000	1,41,000	47,000	87,91,000	+4,84,000
2	86,000	29,000	62,76,000	—4,97,000	67,35,000	85,000	28,000	68,48,000	+ 5,72,000
3	40,000	14,600	1,23,57,000	- 9,91,000	1,26,10,000	44,000	15,000	1,26,69,000	+3,12,000
4	49,000	16,000	1,06.61,000	—47,80,000	89,83,000	57,000	19,000	90,59,000	—16,02,000
5	4,000	1,000	12,64,000	—97,000	12,10,000	8,000	3,000	12,21,000	—43,000
6	17,000	6,000	10,81,000	+34,000	11,43,000	2,000	3,000	11,55,000	+74,000
7	...	...	1,80,000	+2,18,000	10,000	...	...	10,000	—1,70,000
8	1,76,000	59,000	32,64,000	—2,18,000	29,97,000	1,88,000	63,000	32,48,000	—36,000
9	...	...	31,000	+2,000	29,000	...	...	29,000	—2,000
10	4,96,000	1,67,000	4,34,41,000	—65,73,000	4,23,20,000	5,32,000	1,78,000	4,30,30,000	—4,11,000
11	...	...	5,89,000	—4,31,000	4,56,000	...	...	4,56,000	—1,33,000
12	...	...	2,50,000	+2,50,000	7,09,000	...	...	7,09,000	+4,59,000
13	...	...	...	...	7,14,000	...	...	7,14,000	+7,14,000
14	...	...	8,39,000	—1,81,000	18,79,000	...	..	18,79,000	+10,40,000
15	...	...	12,03,000	—2,000	12,04,000	...	...	12,04,000	+1,000
16	64,000	22,000	4,01,000	—70,000	4,26,000	54,000	18,000	4,98,000	+97,000
17	64,000	22,000	16,04,000	—72,000	16,30,000	54,000	18,000	17,02,000	+98,000
18	...	...	48,000	—10,000	1,68,000	...	...	1,68,000	+1,20,000
19	...	...	53,26,000	—3,74,000	56,51,000	...	...	56,51,000	+3,25,000
20	...	...	5,17,000	+7,000	5,29,000	...	...	5,29,000	+12,000
21	...	...	58,43,000	—3,67,000	61,80,000	...	...	61,80,000	+3,37,000
22	...	...	18,52,000	—1,50,000	20,00,000	...	...	20,00,000	+1,48,000
23	7,000	2,000	1,65,000	—2,24,000	2,76,000	4,000	1,000	2,81,000	+1,16,000
	7,000	2,000	20,17,000	—3,74,000	22,76,000	4,000	1,000	22,81,000	+2,64,000
25	13,04,45,000	4,40,87,000	37,39,63,000	—54,54,000	20,26,14,000	12,89,18,000	4,29,73,000	37,45,05,000	+5,42,000
26	*7,42,11,000*	*2,50,81,000*	*24,46,81,000*	—8,00,000	*15,62,08,000*	*7,65,42,000*	*2,55,14,000*	*25,82,64,000*	—1,35,83,000
27	...	...	*12,03,000*	+ 2,000	*12,04,000*	...	...	*12,04,000*	—1,000
28	...	...	*59,20,000*	+2,90,000	*62,77,000*	...	...	*62,77,000*	—3,57,000
29	...	...	*10,66,000*	+45,000	*13,80,000*	...	...	*13,80,000*	—3,14,000
30	...	...	*5,34,33,000*	—4,51,000	*5,36,05,000*	...	...	*5,36,05,000*	—1,72,000
31	5,62,34,000	1,90,06,000	6,76,60,000	—64,28,000	—1,60,60,000	5,23,76,000	1,74,59,000	5,37,75,000	—1,38,85,000
32	1,31,000	44,000	4,94,94,000	—17,31,000	5,22,95,000	1,38,000	46,000	5,24,79,000	+29,85,000
33	...	...	4,97,15,000	—1,48,000	5,11,80,000	...	...	5,11,80,000	+14,65,000
34	5,63,65,000	1,90,50,000	16,68,69,000	—83,07,000	8,74,15,000	5,25,14,000	1,75,05,000	15,74,34,000	—94,35,000
35	5,69,32,000	1,92,41,000	22,06,61,000	—1,58,84,000	14,18,68,000	5,31,04,000	1,77,02,000	21,26,74,000	—79,87,000

BUDGET FOR 1927-28.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	Accounts, 1925-26. India.	* England.	Exchange.	Total.	Revised India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	15,07,82,252	5,91,64,771	1,94,79,536	22,97,27,559	14,44,88,000	
Civil Administration—						
22.—General Administration—						
A.—Heads of Provinces (including Governor General and Executive Councils					21,78,000	1
B.—Legislative Bodies					6,18,000	2
C.—Secretariat and Headquarters establishment	1,20,64,578	26,21,188	8,55,876	1,55,41,642	82,39,000	3
D.—Commissioners					...	4
E.—District Administration					17,68,000	5
F.—Home Administration, etc.					...	6
23.—Audit	80,54,806	2,60,891	85,515	84,01,212	81,18,000	7
24.—Administration of Justice	12,06,032	86,436	28,395	13,20,863	14,13,000	8
25.—Jails and Convict Settlements	35,32,604	41,162	13,511	35,87,277	38,86,000	9
26.—Police	92,50,750	2,22,502	72,746	95,45,998	91,30,000	10
27.—Ports and Pilotage	27,96,464	3,26,543	1,06,970	32,29,977	30,98,000	11
28.—Ecclesiastical	22,40,596	7,04,641	2,30,612	31,75,849	23,83,000	12
29.—Political	3,22,22,601	10,82,804	3,54,181	3,36,59,586	3,18,98,000	13
29-A.—Frontier Watch and Ward	...	...	...	...	...	14
30.—Scientific Departments	71,72,659	6,38,145	2,08,331	80,19,135	77,62,000	15
31.—Education	31,21,552	59,349	19,389	32,00,290	37,32,000	16
32.—Medical	26,95,170	1,73,235	56,851	29,25,256	27,85,000	17
33.—Public Health	12,35,465	53,908	17,554	13,06,927	16,57,000	18
34.—Agriculture	25,64,374	1,06,547	35,054	27,05,975	25,63,000	19
35.—Industries	85,51,131	22,078	7,241	85,80,450	84,57,000	20
36.—Aviation	1,16,932	3,825	1,250	1,22,007	15,07,000	21
37.—Miscellaneous Departments	23,30,361	—3,626	—748	23,25,987	8,90,000	22
37-A.—Indian Stores Department					15,94,000	23
Total	9,91,56,075	63,99,628	20,92,728	10,76,48,431	10,36,76,000	24
Currency and Mint—						
38.—Currency	28,66,706	18,93,796	6,23,805	53,84,307	30,40,000	25
39.—Mint	15,57,581	52,361	17,164	16,27,106	15,56,000	26
Total	44,24,287	19,46,157	6,40,969	70,11,413	45,96,000	27
Civil Works—						
41.—Civil Works	1,58,49,179	1,45,031	47,588	1,60,41,798	1,88,47,000	28
Miscellaneous—						
43.—Famine Relief and Insurance—						
A.—Famine Relief	1,12,063	...	...	1,12,063	1,14,000	29
44.—Territorial and Political Pensions	28,36,914	1,05,410	34,318	29,76,642	29,76,000	30
45.—Superannuation Allowances and Pensions.	36,37,772	1,90,78,693	62,50,310	2,89,66,775	15,14,000	31
45-A.—Commutation of pensions financed from Ordinary Revenue	...	...	...	...	...	32
46.—Stationery and Printing	19,13,448	11,45,187	3,72,888	34,31,523	25,04,000	33
47.—Miscellaneous	53,10,854	13,27,224	4,34,918	70,72,996	54,75,000	34
Total	1,38,11,051	2,16,56,514	70,92,434	4,25,59,999	1,25,83,000	35
Military Services—						
48.—Army—						
Effective	39,02,71,737	6,58,13,052	2,15,03,073	47,75,87,862	38,52,28,000	36
Non-effective	3,53,34,625	3,12,29,714	1,02,30,147	7,67,94,486	5,47,04,000	37
	12,56,06,362	9,70,42,766	3,17,33,220	55,43,82,348	41,99,32,000	38
49.—Marine	42,48,915	18,69,037	6,12,076	67,30,028	41,65,000	39
50.—Military Engineer Services	4,23,73,009	3,40,653	1,11,008	4,28,24,669	4,43,37,000	40
Total	47,22,28,286	9,92,52,455	3,24,56,304	60,39,37,045	46,84,34,000	41
Contributions and miscellaneous adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous adjustments between the Central and Provincial Governments.	15,68,166	...	...	15,68,166	4,72,000	42
Extraordinary Items—						
52.—Extraordinary Payments	25,76,854	...	...	25,76,854	5,00,000	43
52-A.—Transfers to Revenue Reserve Fund	...	...	...	...	2,82,04,000	44
Total	25,76,854	...	...	25,76,854	2,87,04,000	45
Railway Expenditure as per Railway Budget	17,31,75,335	8,72,75,849	2,86,58,022	28,91,09,206	15,27,02,000	46
Total Expenditure charged to Revenue	93,35,72,485	27,61,40,405	9,04,67,581	1,30,01,80,471	93,45,02,000	47

* Sterling converted into Rupees at £1 = Rs. 10.

of the Central Government, in India and in England—*contd.*

Item No.	Estimate, 1926-27.			Increase (+) Decrease (—) as compared with Budget, 1926-27.	Budget Estimate, 1927-28.				Increase (+) Decrease (—) as compared with Revised, 1926-27.
	England.	Exchange.	Total.		India.	England.	Exchange.	Total.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	5,69,32,000	1,92,41,000	22,06,61,000	—1,58,84,000	14,18,68,000	5,31,04,000	1,77,02,000	21,26,74,000	—79,87,000
1	...	...	21,78,000	+49,000	21,51,000	...	...	21,51,000	—27,000
2	...	...	6,18,000	—55,000	6,33,000	...	...	6,33,000	+15,000
3	...	...	82,39,000	—5,04,000	91,75,000	...	...	91,75,000	+9,36,000
4	...	...	...	...	...	...	...	...	...
5	...	...	17,68,000	—78,000	18,72,000	...	...	18,72,000	+1,04,000
6	29,99,000	10,14,000	40,13,000	—75,000	...	34,99,600	11,66,000	46,65,000	+6,52,000
7	2,78,000	94,000	84,90,000	—36,000	84,57,000	2,98,000	99,000	88,54,000	+3,64,000
8	36,000	12,000	14,61,000	—97,000	13,40,000	58,000	19,000	14,17,000	—44,000
9	26,000	9,000	39,21,000	+1,91,000	39,74,000	38,000	13,000	40,25,000	+1,04,000
10	1,47,000	50,000	93,27,000	—3,84,000	70,47,000	2,04,000	68,000	73,19,000	—20,08,000
11	3,27,000	1,10,000	35,35,000	—2,03,000	31,15,000	3,81,000	1,27,000	36,23,000	+88,000
12	6,85,000	2,32,000	33,00,000	—3,43,000	24,80,000	6,85,000	2,29,000	33,94,000	+94,000
13	7,82,000	2,64,000	3,29,44,000	—3,36,000	1,24,72,000	8,85,000	2,95,000	1,46,52,000	—1,82,92,000
14	...	...	...	...	2,43,53,000	10,000	3,000	2,43,66,000	+2,43,66,000
15	7,51,000	2,54,000	87,67,000	+31,000	87,20,000	8,39,000	2,80,000	99,09,000	+11,42,000
16	71,000	24,000	38,27,000	—51,000	51,29,000	74,000	25,000	52,98,000	+14,71,000
17	1,97,000	67,000	30,49,000	—28,000	27,02,000	1,66,000	55,000	29,23,000	—1,26,000
18	1,05,000	35,000	17,97,000	—1,30,000	15,31,000	83,000	28,000	16,41,000	—1,56,000
19	1,25,000	42,000	27,30,000	—2,03,000	28,96,000	1,08,000	36,000	30,40,000	+3,10,000
20	30,000	10,000	84,97,000	—5,73,000	7,74,000	48,000	16,000	8,38,000	—76,59,000
21	3,000	1,000	15,11,000	+11,57,000	3,96,000	3,000	1,000	4,00,000	—11,11,000
22	}		{ 11,87,000	}	{ 9,37,000	}		{ 12,37,000	
23	{ 2,22,000	75,000	{ 15,94,000	{ —1,09,000	{ 17,07,000	{ 2,25,000	75,000	{ 17,07,000	{ +1,63,000
24	67,84,000	22,93,000	11,27,53,000	—17,77,000	10,90,01,000	76,03,000	25,35,000	11,91,39,000	+3,86,000
25	23,35,000	7,89,000	61,64,000	+62,000	31,56,000	17,82,000	5,94,000	55,32,000	—6,32,000
26	53,000	18,000	16,27,000	—95,000	18,76,000	58,000	19,000	19,53,000	+3,26,000
27	23,88,000	8,07,000	77,91,000	—33,000	50,32,000	18,40,000	6,13,000	74,85,000	—3,06,000
28	1,33,000	45,000	1,90,25,000	+10,14,000	1,66,09,000	67,000	22,000	1,66,98,000	—33,27,000
29	...	...	1,14,000	+54,000	...	...	...	...	—1,14,000
30	1,11,000	38,000	31,25,000	+93,000	28,97,000	1,11,000	37,000	30,45,000	—80,000
31	1,86,46,000	63,02,000	2,64,62,000	+4,75,000	11,96,000	1,83,21,000	61,07,000	2,56,24,000	—8,38,000
32	...	...	...	...	5,13,000	...	...	5,13,000	+5,13,000
33	5,22,000	1,76,000	32,02,000	—2,94,000	25,73,000	7,27,000	2,42,000	35,42,000	+3,40,000
34	13,81,000	4,67,000	73,23,000	+2,67,000	53,07,000	12,63,000	4,21,000	69,91,000	—3,32,000
35	2,06,60,000	69,83,000	4,02,26,000	+5,95,000	1,24,86,000	2,04,22,000	68,07,000	3,97,15,000	—5,11,000
36	6,20,37,000	2,09,67,000	46,82,32,000	+1,16,27,000	35,29,61,000	5,95,44,000	1,98,48,000	43,23,53,000	—3,58,79,000
37	3,54,47,000	1,19,80,000	8,21,31,000	—23,48,000	3,52,86,000	3,58,89,000	1,19,63,000	8,31,38,000	+10,07,000
38	9,74,84,000	3,29,47,000	55,03,63,000	+92,79,000	38,82,47,000	9,54,33,000	3,18,11,000	51,54,91,000	—3,49,72,000
39	19,60,000	6,63,000	67,88,000	—10,92,000	49,88,000	23,04,000	7,68,000	80,60,000	+12,72,000
40	4,00,000	1,35,000	4,48,72,000	+20,57,000	4,32,65,000	3,25,000	1,08,000	4,36,98,000	—11,74,000
41	9,98,44,000	3,37,45,000	60,20,23,000	+1,02,44,000	43,65,00,000	9,80,62,000	3,26,87,000	56,72,49,000	—3,47,74,000
42	...	...	4,72,000	—1,28,000	...	...	...	...	—4,72,000
43	...	...	5,00,000	...	7,00,000	...	...	7,00,000	+2,00,000
44	...	...	2,82,04,000	+2,82,04,000	...	...	...	...	—2,82,04,000
45	...	...	2,87,04,000	+2,82,04,000	7,00,000	...	...	7,00,000	—2,80,04,000
46	8,62,43,000	2,91,48,000	26,80,93,000	—2,62,53,000	17,75,57,000	8,60,11,000	2,93,37,000	29,49,05,000	+2,68,12,000
47	27,29,84,000	9,22,62,000	1,29,97,48,000	—40,18,000	89,37,53,000	26,91,09,000	8,97,03,000	1,25,25,65,000	—4,71,83,000

C.—Statement of Receipts and Disbursements of the

	Accounts, 1925-26.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,27,46,02,115	4,42,72,029	1,31,88,74,144
Exchange added to Revenue	1,44,24,514	...	1,44,24,514
Total	1,28,90,26,629	4,42,72,029	1,33,32,98,658
Railway Capital not charged to Revenue—			
As per Railway Budget	21,50,537	55,65,000	77,15,537
Public Debt Incurred—			
Permanent Debt—			
Sterling Debt—			
7 per cent. Stock	...	94,137	
5½ per cent. Stock	...	10,49,816	
4½ per cent. Stock	...	9,15,247	
Rupee Debt—			
New Rupee Loan	...	...	
5½ per cent. Bonds, 1923	500	...	
5 per cent. Bonds, 1935	4,72,65,800	...	
5 per cent. Loan, 1945-55	25,88,51,300	...	
4 per cent. Loan, 1960-70	...	...	
3½ per cent. Loans	...	...	
Total	30,61,17,600	20,59,200	30,81,76,800
Floating Debt—			
Treasury Bills—			
Issued to Public	35,000	...	
Issued to Paper Currency Reserve	49,65,00,000	...	
Total	49,65,35,000	...	49,65,35,000
Carried over	2,09,38,29,766	5,18,96,229	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

Revised Estimate, 1926-27.			Budget Estimate, 1927-28.		
India.	*England.	Total.	India.	*England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,24,93,05,000	3,77,01,000	1,28,70,06,000	1,22,12,07,000	2,35,18,000	1,24,47,25,000
1,27,42,000	...	1,27,42,000	78,40,000	...	78,40,000
1,26,20,47,000	3,77,01,000	1,29,97,48,000	1,22,90,47,000	2,35,18,000	1,25,25,65,000
...	...	...	64,73,000	1,94,19,000	2,58,92,000
...	1,02,000		...	...	
...	11,16,000		...	11,87,000	
...	9,66,000		...	10,19,000	
...	...		27,00,00,000	...	
...	...		...	...	
...	...		...	...	
...	...		...	...	
29,49,71,000	...		...	...	
22,44,000	...		15,40,000	...	
29,72,15,000	21,84,000	29,93,99,000	27,15,40,000	22,06,000	27,37,46,000
...	...		...	...	
49,65,00,000	...		41,47,00,000	...	
49,65,00,000	...	49,65,00,000	41,47,00,000	...	41,47,00,000
2,05,57,62,000	3,98,85,000		1,92,17,60,000	4,51,43,000	

*Sterling converted into Rupees at £1 = Rs. 10.

C.—Statement of Receipts and Disbursements of t

	Accounts, 1925-26.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Brought forward .	2,09,38,29,766	5,18,96,229	
Unfunded Debt—			
Deposits of Service Funds . . .	11,56,082	2,65,372	
Post Office Cash Certificates . . .	9,55,56,358	...	
Savings Bank Deposits	28,19,61,436	3,26,152	
Total .	37,86,73,876	5,91,524	37,92,65,40
Deposits and Advances—			
Deposits of Local Funds—			
District Funds	15,18,57,894	...	
Other Funds	9,01,46,169	...	
Sinking Funds for Central Loans . .	97,21,000	...	
Other appropriations for Reduction or Avoidance of Debt	4,00,04,353	...	
Sinking Fund Investment Account . .	...	...	
Sinking Funds for loans granted to local bodies	3,51,674	...	
Gold Standard Reserve	...	50,40,81,657	
Paper Currency Reserve	...	1,04,64,39,715	
Deposits of Branch Line Companies .	6,44,214	...	
Posts and Telegraphs Depreciation Fund .	33,54,573	...	
Provincial Loans Fund	15,23,75,989	...	
Departmental and Judicial Deposits .	91,20,65,946	...	
Advances	17,49,10,144	25,96,918	
Discount Sinking Fund	...	...	
Suspense	10,81,10,240	1,62,66,936	
Exchange on Remittance Accounts . .	...	...	
Miscellaneous	35,51,459	34,70,983	
Revenue Reserve Fund	...	...	
Total .	1,64,70,93,655	1,57,28,56,209	3,21,99,49,86
Railway Depreciation and Reserve Funds as per Railway Budget . .	14,46,18,972	...	14,46,18,97
Carried over .	4,26,42,16,269	1,62,53,43,962	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

Revised Estimate, 1926-27.			Budget Estimate, 1927-28.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,05,57,62,000	3,98,85,000		1,92,17,60,000	4,51,43,000	
11,18,000	4,25,000		11,18,000	3,37,000	
7,84,00,000	...		7,20,00,000	...	
29,90,97,000	3,20,000		30,05,73,000	3,20,000	
37,86,15,000	7,45,000	37,93,60,000	37,36,91,000	6,57,000	37,43,48,000
15,61,61,000	...		14,41,99,000	...	
9,46,84,000	...		9,35,36,000	...	
1,43,56,000	...		1,48,52,000	...	
3,61,11,000	...		3,75,76,000	...	
52,95,000	...		...	...	
3,66,000	...		3,80,000	...	
...	33,41,67,000		...	25,16,09,000	
...	91,53,53,000		...	10,00,00,000	
13,67,000	...		6,62,000	...	
33,74,000	...		36,68,000	...	
11,87,29,000	...		10,33,81,000	...	
87,67,58,000	...		87,32,51,000	...	
17,60,78,000	6,06,000		15,30,85,000	3,98,000	
...	...		4,37,000	...	
6,51,27,000	1,83,53,000		1,62,14,000	1,85,53,000	
10,41,25,000	...		...	...	
8,54,17,000	1,11,15,000		2,60,000	1,07,24,000	
2,82,04,000	...		...	...	
1,76,61,52,000	1,27,95,94,000	3,04,57,46,000	1,44,15,09,000	38,12,84,000	1,82,27,93,000
11,04,11,000	...	11,04,11,000	13,11,58,000	...	13,11,58,000
4,31,09,40,000	1,32,02,24,000		3,86,81,18,000	42,70,84,000	

* Sterling converted into Rupees at £1 = Rs. 10.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1925-26.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Brought forward	4,26,42,16,269	1,62,53,43,962	
Loans and Advances by the Central Government—			
Advances to the Provincial Loans Fund	...	...	
Other Loans and Advances	1,00,44,869	...	
Total	1,00,44,869	...	1,00,44,869
Remittances—			
Remittances within India—			
Inland Money Order	91,89,22,023	...	
Other Local Remittances	...	...	
Other Departmental Accounts	700	...	
Net Receipts by Civil Treasuries from—			
Railways	12,14,99,145	...	
Posts and Telegraphs	6,79,13,189	...	
Net Receipts from Civil Treasuries by—			
Marine	35,08,846	...	
Army and Military Engineer Services	39,64,42,513	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	1,97,58,230	
Other transactions	1,67,14,660	2,45,26,718	
Remittances from India for financing			
Home Treasury	...	46,31,65,000	
Sale of Sterling	...	...	
Transfers through the Paper Currency Reserve	9,00,25,714	...	
Total	1,61,50,26,790	50,74,49,948	2,12,24,76,738
Balances of Provincial Governments	5,86,09,409	...	5,86,09,409
Total Receipts	5,94,78,97,337	2,13,27,93,910 (a)	
Opening Balance	31,73,60,743	13,51,68,257	
GRAND TOTAL	6,26,52,58,080	2,26,79,62,167	

* Sterling converted into Rupees at £1 = Rs. 10.

(a) Of this amount, Rs. 31,860 represents the funds of the Gold Standard Reserve.

New Delhi,
Finance Department ;
The 31st March 1927.

Central Government, in India and in England—*contd.*

Revised Estimate, 1926-27.			Budget Estimate, 1927-28.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,31,09,40,000	1,32,02,24,000		3,86,81,18,000	42,70,84,000	
...	...		...	...	
1,54,72,000	...		77,76,000	...	
1,54,72,000	...	1,54,72,000	77,76,000	...	77,76,000
94,00,00,000	...		96,02,00,000	...	
36,27,000	...		5,25,000	...	
4,10,06,000	...		3,37,35,000	...	
5,26,20,000	...		6,58,08,000	...	
5,29,19,000	...		3,53,80,000	...	
31,61,000	...		39,94,000	...	
38,99,23,000	...		38,70,56,000	...	
...	1,37,00,000		...	1,04,50,000	
49,47,000	3,05,92,000		49,31,000	2,50,50,000	
...	5,50,00,000		...	35,50,00,000	
1,42,50,000	...		...	...	
...	23,42,50,000		...	...	
1,50,24,53,000	33,35,42,000	1,83,59,95,000	1,49,16,29,000	39,05,00,000	1,88,21,29,000
...	...	...	...	...	...
5,82,88,65,000	1,65,37,66,000 (b)		5,36,75,23,000	81,75,84,000 (b)	
25,14,88,041	15,04,63,055		24,73,44,041	5,24,32,055	
6,08,03,53,041	1,80,42,29,055		5,61,48,67,041	87,00,16,055	

* Sterling converted into Rupees at £1 = Rs. 10.

(b) Of this amount, Rs. 8,249 represents the funds of the Gold Standard Reserve.

M. F. GAUNTLETT,
Auditor General.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1925-26.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	93,35,72,485	27,61,40,405	1,20,97,12,890
Exchange charged as Expenditure	9,04,67,581	...	9,04,67,581
Total	1,02,40,40,066	27,61,40,405	1,30,01,80,471
Irrigation, Posts and Telegraphs and other Capital not charged to Revenue—			
Capital outlay on Security Printing	12,92,866	3,46,752	16,39,618
Construction of Irrigation Works	—96,675	...	—96,675
Capital outlay on Posts and Telegraphs	2,12,49,587	11,04,552	2,23,54,139
Capital outlay on Vizagapatam Port	56,90,892	7,85,861	64,76,753
Currency Capital outlay	...	...	...
Initial Expenditure on New Capital at Delhi	96,42,819	2,63,365	99,06,184
Payment of Commuted value on Pensions	...	...	...
Total	3,77,79,489	25,00,530	4,02,80,019
Railway Capital not charged to Revenue—			
As per Railway Budget	12,82,32,916	10,67,52,462	23,49,85,378
Public Debt Discharged—			
Permanent Debt—			
Sterling Debt—			
7 p. c. Stock	...	...	
State Railway annuities	...	1,30,23,830	
Do. Do. Sinking Funds	...	36,41,000	
Redemption of liabilities assumed in respect of British War Loan (1929-47)	...	48,76,819	
Rupee Debt—			
6 p. c. Bonds, 1926	17,84,40,600	...	
Do. Do. 1927	7,40,88,700	...	
Other 6 p. c. Bonds	...	...	
5½ p. c. War Bonds, 1928	3,67,74,150	...	
Other 5½ p. c. War Bonds	3,55,59,325	...	
5 p. c. War Loan, 1929-47	9,54,500	...	
Do. Loan, 1945-55	9,00,000	...	
4 p. c. Terminable Loan	96,100	...	
Other Loans	1,57,002	...	
Total	32,69,70,377	2,15,41,649	34,85,12,026
Carried over	1,51,70,22,848	40,69,35,046	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

Revised Estimate, 1926-27.			Budget Estimate, 1927-28.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
93,45,02,000	27,29,84,000	1,20,74,86,000	89,37,53,000	26,91,09,000	1,16,28,62,000
9,22,62,000	...	9,22,62,000	8,97,03,000	...	8,97,03,000
1,02,67,64,000	27,29,84,000	1,29,97,48,000	98,34,56,000	26,91,09,000	1,25,25,65,000
15,82,000	86,000	16,68,000	12,000	...	12,000
—76,000	...	—76,000	16,000	...	16,000
21,59,000	9,76,000	31,35,000	49,21,000	8,81,000	58,02,000
28,64,000	9,50,000	38,14,000	36,93,000	2,50,000	39,43,000
8,55,000	6,000	8,61,000	14,90,000	4,33,000	19,23,000
72,73,000	2,27,000	75,00,000	66,58,000	3,42,000	70,00,000
35,00,000	...	35,00,000	33,35,000	...	33,35,000
1,81,57,000	22,45,000	2,04,02,000	2,01,25,000	19,06,000	2,20,31,000
18,41,54,000	11,21,89,000	29,63,43,000	17,32,97,000	10,98,89,000	28,31,86,000
...	99,91,000		...	...	
...	1,34,72,000		...	1,39,39,000	
...	20,00,000		...	20,00,000	
...	51,20,000		...	53,76,000	
19,75,36,000	...		28,00,000	...	
2,39,22,000	...		17,50,00,000	...	
2,000	...		...	...	
1,01,00,000	...		...	...	
10,09,000	...		5,40,000	...	
...	...		...	...	
2,000	...		...	...	
60,000	...		50,000	...	
26,74,000	...		18,00,000	...	
23,53,05,000	3,05,83,000	26,58,88,000	18,01,90,000	2,13,15,000	20,15,05,000
1,46,43,80,000	41,80,01,000		1,35,70,68,000	40,22,19,000	

* Sterling converted into Rupees at £1 = Rs. 10.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1925-26.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Brought forward	1,51,70,22,848	40,69,35,046	
Floating Debt—			
Treasury Bills—			
Issued to Public	60,000	...	
Do. Paper Currency Reserve	49,65,00,000	...	
Total	49,65,60,000	...	49,65,60,000
Unfunded Debt—			
Special Loans	2,18,210	...	
Deposits of Service Funds	14,85,027	23,205	
Post Office Cash Certificates	1,70,69,894	...	
Savings Bank Deposits	22,58,29,601	88,927	
Total	24,46,02,732	1,12,132	24,47,14,864
Deposits and Advances—			
Deposits of Local Funds—			
District Funds	14,85,29,652	...	
Other Funds	8,74,78,465	...	
Sinking Funds for Central Loans	47,438	...	
Sinking Fund Investment Account	97,22,357	...	
Gold Standard Reserve	...	50,41,05,269	
Paper Currency Reserve	...	1,04,64,39,715	
Deposits of Branch Line Companies	2,52,767	...	
Posts and Telegraphs Depreciation Fund	33,790	...	
Provincial Loans Fund	15,03,47,051	...	
Departmental and Judicial Deposits	91,19,66,887	...	
Advances	17,34,02,927	49,32,885	
Discount Sinking Fund	...	...	
Suspense	57,66,084	1,64,79,026	
Exchange on Remittance Accounts	4,09,91,786	...	
Miscellaneous	1,55,19,256	85,60,010	
Revenue Reserve Fund	...	...	
Total	1,54,40,58,460	1,58,05,16,905	3,12,45,75,365
Railway Depreciation and Reserve Funds as per Railway Budget	8,45,19,968	...	8,45,19,968
Carried over	3,88,67,64,008	1,98,75,64,083	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

Revised Estimate, 1926-27.			Budget Estimate, 1927-28.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,46,43,80,000	41,80,01,000		1,35,70,68,000	40,22,19,000	
15,000	...		...	...	
57,83,00,000	...		41,47,00,000	...	
57,83,15,000	...	57,83,15,000	41,47,00,000	...	41,47,00,000
20,000	...		20,000	...	
14,69,000	20,000		14,92,000	20,000	
1,76,00,000	...		1,80,00,000	...	
23,30,75,000	1,00,000		23,83,77,000	1,00,000	
25,21,64,000	1,20,000	25,22,84,000	25,78,89,000	1,20,000	25,80,09,000
15,61,74,000	...		14,23,70,000	...	
9,30,62,000	...		9,11,10,000	...	
...	...		...	...	
1,96,51,000	...		1,48,52,000	...	
...	33,41,67,000		...	25,16,09,000	
7,95,72,000	91,53,53,000		...	10,00,00,000	
7,14,000	...		10,01,000	...	
44,000	...		81,000	...	
11,95,28,000	...		10,41,20,000	...	
87,83,21,000	...		87,20,53,000	...	
16,56,20,000	2,44,000		14,62,55,000	1,15,000	
3,53,97,000	...		...	...	
2,53,00,000	1,77,50,000		1,60,95,000	1,84,90,000	
...	...		52,10,000	...	
10,35,000	1,12,94,000		...	1,07,80,000	
...	...		1,71,65,000	...	
1,57,44,18,000	1,27,88,08,000	2,85,32,26,000	1,41,03,12,000	38,09,94,000	1,79,13,06,000
8,07,06,000	...	8,07,06,000	9,00,00,000	...	9,00,00,000
3,94,99,83,000	1,69,69,29,000		3,52,99,69,000	78,33,33,000	

* Sterling converted into Rupees at £1 = Rs. 10.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1925-26.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Brought forward	3,88,67,64,008	1,98,75,64,083	
Loans and Advances by the Central Government—			
Advances to the Provincial Loans Fund	8,17,24,000	...	
Other Loans and Advances	1,75,65,477	...	
Total	9,92,89,477	...	9,92,89,477
Remittances—			
Remittances within India—			
Inland Money Orders	91,91,02,219	...	
Other Local Remittances	16,37,772	...	
Other Departmental Accounts	69,00,139	...	
Net Payments into Civil Treasuries by—			
Railways	12,23,99,092	...	
Posts and Telegraphs	6,80,21,207	...	
Net Issues from Civil Treasuries to—			
Marine	35,02,166	...	
Army and Military Engineer Services	39,39,54,344	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	1,98,30,170	...	
Other transactions	2,92,04,445	1,33,25,248	
Remittances from India for financing Home Treasury	46,31,65,000	...	
Sale of Sterling	...	...	
Transfers through the Paper Currency Reserve	...	9,00,25,714	
Total	2,02,77,16,554	10,33,50,962	2,13,10,67,516
Balances of Provincial Governments	...	2,65,84,067	2,65,84,067
Total Disbursements	6,01,37,70,039	2,11,74,99,112 (a)	
Closing Balance	25,14,88,041	15,04,63,055	
GRAND TOTAL	6, 6,52,58,080	2,26,79,62,167	

* Sterling converted into Rupees at £1 = Rs. 10.

(a) Of this amount, Rs. 31,850 represents the funds of the Gold Standard Reserve.

H. DENNING,

Controller of the Currency.

Central Government, in India and in England—*concld.*

Revised Estimate, 1926-27.			Budget Estimate, 1927-28.		
India.	*England.	Total.	India.	*England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,94,99,83,000	1,69,69,29,000		3,52,99,69,000	78,33,33,000	
4,81,39,000	...		1,23,78,000	...	
1,92,78,000	...		2,57,00,000	...	
6,74,17,000	...	6,74,17,000	3,80,78,000	...	3,80,78,000
94,02,50,000	...		96,04,50,000	...	
31,68,000	...		6,47,000	...	
3,49,64,000	...		3,44,27,000	...	
5,26,20,000	...		6,58,03,000	...	
5,29,19,000	...		3,53,80,000	...	
31,61,000	...		39,94,000	...	
38,99,23,000	...		38,70,56,000	...	
1,37,00,000	...		1,04,50,000	...	
2,28,24,000	1,25,53,000		1,81,60,000	1,22,52,000	
5,50,00,000	...		35,50,00,000	...	
...	1,42,50,000		...	...	
23,42,50,000	...		...	...	
1,80,27,79,000	2,68,03,000	1,82,95,82,000	1,87,13,72,000	1,22,52,000	1,88,36,24,000
1,28,30,000	2,80,65,000	4,08,95,000	2,75,48,000	2,43,44,000	5,18,92,000
5,83,30,09,000	1,75,17,97,000 (*b*)		5,46,69,67,000	81,99,29,000 (*b*)	
24,73,44,041	5,24,32,055		14,79,00,041	5,00,87,055	
6,08,03,53,041	1,80,42,29,055		5,61,48,67,041	87,00,16,055	

*Sterling converted into Rupees at £1 = Rs. 10.

(*b*) Of this amount, Rs. 8,249 represents the funds of the Gold Standard Reserve.

A. F. L. BRAYNE,

Secretary to the Government of India.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	Accounts, 1925-26.		Revised Estimate, 1926-27.		Budget Estimate, 1927-28.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	R	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	46,96,18,017	...	46,86,64,000	...	47,85,46,000	...
Taxes on Income	15,27,21,537	...	15,22,71,000	...	16,26,57,000	...
Salt	5,07,90,619	...	5,46,43,000	...	5,73,31,000	...
Opium	2,03,52,437	...	3,11,90,000	...	2,92,40,000	...
Other Heads	1,52,02,907	...	1,68,02,000	...	1,70,43,000	...
Total	70,86,85,517	...	72,35,70,000	...	74,48,26,000	...
Salt and other Capital Outlay charged to Revenue	...	7,18,044	...	8,39,000	...	18,79,000
Irrigation	...	8,11,956	...	6,79,000	...	8,34,000
Railways	5,49,03,569	...	6,00,87,000	...	5,48,08,000	...
Posts and Telegraphs	1,88,24,960	...	...	29,68,000	...	26,54,000
Debt Services	...	14,12,29,372	...	12,87,21,000	...	13,58,21,000
Civil Administration	...	9,86,50,738	...	10,45,53,000	...	10,47,18,000
Currency and Mint	3,93,77,688	...	3,39,78,000	...	1,73,85,000	...
Civil Works	...	1,47,56,633	...	1,75,34,000	...	1,49,53,000
Miscellaneous	...	3,71,42,127	...	3,46,29,000	...	3,50,25,000
Military Services	...	55,99,85,654		55,55,00,000	...	54,92,00,000
Provincial Contributions and Miscellaneous adjustments between Central and Provincial Governments.	6,08,40,677	...	5,12,89,000	...	...	...
Extraordinary Items	37,80,300	...	...	2,35,01,000	1,80,65,000	...
Total	86,64,12,711	85,32,94,524	86,89,24,000	86,89,24,000	83,50,84,000	83,50,84,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*contd.*

Revenue and Expenditure.	Accounts, 1925-26.		Revised Estimate, 1926-27.		Budget Estimate, 1927-28.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus	3,31,18,187	...	...	...	...	...
Capital Account—						
Capital outlay on Security Printing	...	16,39,618	...	16,68,000	...	13,000
Construction of Irrigation Works	...	—96,675	...	—76,000	...	16,000
Capital outlay on Posts and Telegraphs	...	2,23,54,139	...	31,35,000	...	58,02,000
Capital outlay on Vizagapatam Port	...	64,76,753	...	38,14,000	...	39,43,000
Currency Capital outlay	...	...	...	8,61,000	...	19,23,000
Initial expenditure on new Capital at Delhi	...	99,06,184	...	75,00,000	...	70,00,000
Payment of commuted value of pensions	...	...	...	35,00,000	...	33,35,000
Railway Capital not charged to Revenue	...	22,72,69,841	...	29,63,43,000	...	25,72,94,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	...	4,03,35,226	3,35,11,000	...	7,22,41,000	...
Floating Debt	...	25,000	...	8,18,15,000	...	...
Unfunded Debt	13,45,50,536	...	12,70,76,000	...	11,63,39,000	...
Deposits and Advances	15,54,73,503	...	22,22,25,000	...	7,26,45,000	...
Loans and Advances by Central Government	...	8,92,44,608	...	5,19,45,000	...	3,03,02,000
Remittances	...	85,90,778	64,13,000	...	...	14,95,000
Balances of Provincial Governments	3,20,25,342	...	...	4,08,95,000	...	5,18,92,000
Opening Balance	45,25,29,000	...	40,19,51,096	...	29,97,76,096	...
Closing Balance	...	40,19,51,096	...	29,97,76,096	...	19,79,87,096
Total	80,76,96,568	80,76,96,568	79,11,76,096	79,11,76,096	56,10,01,096	56,10,01,096

M. F. GAUNTLETT, *Auditor General.*

H. DENNING, *Controller of the Currency.*

A. F. L. BRAYNE, *Secretary to the Government of India.*

New Delhi,
Finance Department;
The 31st March 1927.

Explanatory Memorandum by the Financial Secretary.

(All figures in this memorandum are in lakhs of rupees unless expressly stated otherwise.)

The following table compares the actual revenue and expenditure of the Government of India in the year 1925-26 with the estimates :—

	Budget.	Revised.	Accounts.
Revenue	1,30,67·97	1,31,35·25	1,33,32·98
Expenditure	1,30,43·84	1,30,04·87	1,30,01·80
Surplus	24·13	1,30·38	3,31·18

2. The realised surplus of the year is about 2,01 lakhs more than the revised estimate. The improvement is distributed as follows :—

Railways	17
Posts and Telegraphs	15
Military	28
Civil heads	1,41

The biggest increase under civil heads was one of 93 lakhs from Customs revenue most of which came in during the last two months of the year, the larger yield being specially marked under protective duties (32 lakhs). This was to some extent counterbalanced by a fall in the receipts from Taxes on Income (39 lakhs) and Opium (24 lakhs). The remainder of the improvement is distributed over a large number of individual heads and none of the variations is large or important enough to need special mention.

3 The details of estimates for 1926-27 and 1927-28 are explained in the following paragraphs.

CUSTOMS.

		Revenue (Receipts *less* Refunds).	Expenditure.	Net Revenue.
1923-24		39,60·64	71·36	38,98·28
1924-25		45,75·31	77·12	44,98·19
1925-26		47,77·95	81·77	46,96·18
1926-27	Budget	46,40·00	85·48	45,54·52
	Revised	47,69·71	83·07	46,86·64
1927-28	Budget	48,73·37	87·91	47,85·46

4. The revised estimate of revenue from Customs in 1926-27 exceeds the Budget by about 1,30 lakhs. The outstanding increases occur under sugar (1,25 lakhs), articles charged at 15 per cent. *ad valorem* 66 lakhs), and protective duties on steel (50 lakhs). These are partly counterbalanced by decreases which occur principally under cotton piece-goods (50 lakhs), mineral oils (25 lakhs) and rice (21 lakhs).

5. The Budget estimate of revenue for 1927-28 exceeds the revised estimate for the current year by about 1,04 lakhs. The real improvement is as much as 1,86 lakhs but allowance has had to be made for deterioration in revenue as follows :—

Loss in protective duties as a result of the measures embodied in the Steel Industry (Protection) Act	40
Loss resulting from the abolition of the export duty on tea (paragraph 39 of the Budget speech)	50
Loss resulting from the reduction in the import duty on motor-cars, etc., (paragraph 40 of the Budget speech)	10
Total loss	1,00
Gain resulting from the increase in the import duty on unmanufactured tobacco (paragraph 43 of the Budget speech)	18
Net loss	82

The proposal to abolish the export duty on hides referred to in paragraph 38 of the Budget speech was not accepted by the Legislative Assembly. For the rest, the main variations from the revised estimate are an improvement of 50 lakhs under cotton piece-goods, which will raise the yield from this source to 7 crores which was assumed in the original estimate for the current year; and of 30 lakhs under protective duties on steel the greater part of which is due to the inevitable throw-forward from the current year following on the introduction of the Steel Industry (Protection) Bill which has since been passed into law; and a fall of 25 lakhs in sugar from the record figure of 6,95 lakhs expected to be reached in the current year.

6. The details are as follows :—

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27.		Budget, 1927-28.
				Budget.	Revised.	
REVENUE						
SEA CUSTOMS						
IMPORTS.						
Non-protective Special Duties.						
Liquors—						
(*a*) Ale, Beer, Porter, Cider and other fermented Liquors	14·08	16·23	18·01	18·00	19·60	20·30
(*b*) Spirits and Liqueurs	2,00·88	2,19·99	2,21·90	2,10·00	2,30·53	2,41·19
(*c*) Wines	11·23	14·10	14·07	14·00	15·11	15·20
Sugar, all sorts	3,32·23	5,76·90	6,47·81	5,70·00	6,95·00	6,70·00
Tobacco	1,67·63	1,73·72	1,55·31	1,75·00	1,75·00	1,93·00
Coal, coke and patent fuel	3·02	2·83	2·03	2·50	1·60	2·35
Mineral oils	1,37·79	1,43·39	1,54·67	1,49·00	1,23·60	1,37·78
Arms, Ammunition and Military Stores	8·20	8·64	8·60	9·00	8·01	9·05

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27. Budget.	1926-27. Revised.	Budget, 1927-28.
REVENUE—*contd.*						
SEA CUSTOMS—*contd.*						
IMPORTS—*contd.*						
Opium	·03	·03	·02	...	·03	·03
Cotton yarn and thread	42·74	51·41	43·38	48·00	37·90	39·36
Cotton piece-goods	6,16·12	7,73·76	6,06·55	7,00·00	6,50·00	7,00·00
Silk mixtures	...	...	3·80	4·50	5·24	6·52
Matches	1,38·01	1,25·85	1,18·39	1,12·00	96·20	92·09
Match Splints and Veneers						
Duty at 2½ per cent.						
Machinery	55·83	42·88	43·86	44·00	37·74	43·28
Other articles	1·54	1·16	·87	1·00	·56	·72
Duty at 10 per cent.						
Metals—Iron and Steel	1,72·11	84·12	42·30	40·00	41·96	43·20
Railway plant and rolling stock	62·56	47·49	38·82	37·00	37·61	40·00
Other articles	6·53	1·65	1·42	2·00	1·42	1·76
Duty at 15 per cent.						
Articles of Food and Drink (excluding sugar and vinegar)	1,27·43	1,39·15	1,50·83	1,58·00	1,78·88	1,87·26
Raw materials and articles mainly unmanufactured	65·78	63·88	69·73	74·00	65·99	67·50
Articles wholly or mainly manufactured—						
(*a*) Cutlery, hardware, implements and instruments	1,13·50	1,19·97	1,29·42	1,30·00	1,34·54	1,37·72
(*b*) Metals other than Iron and Steel	95·58	1,12·97	1,10·31	1,10·00	1,00·84	1,05·80
(*c*) Yarns and textile fabrics (other than cotton manufactures)	1,03·87	1,42·91	1,44·20	1,45·00	1,71·76	1,89·10
(*d*) All other articles wholly or mainly manufactured	3,76·32	3,99·48	3,99·84	4,00·00	4,25·81	4,20·27
Miscellaneous	53·07	56·46	55·67	55·00	59·98	59·50
Duty at 30 per cent.						
Motor cars and cycles	74·13	79·44	1,05·30	1,05·00	1,10·59	1,08·39
Silk piece-goods and other manufactures of silk	81·55	90·05	78·16	90·00	77·43	82·05
Pneumatic rubber tyres and tubes	29·33	27·69	46·03	50·00	37·85	42·00
Other articles	96·72	98·59	1,03·73	1,05·00	1,08·20	1,14·81

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27. Budget.	1926-27. Revised.	Budget, 1927-28.
REVENUE—*contd.*						
SEA CUSTOMS—*contd.*						
IMPORTS—*contd.*						
Protective Special Duties						
Coal tubs	...	2,25·77	1·09	2,35·00	2,85·00	2,75·00
Iron and Steel			2,81·87			
Railway track material			9·08			
Paper and Stationery	...	...	12·78	20·00	24·22	24·23
Portland cement	...	...	...	...	6·79	7·02
Printer's Ink	...	...	...	...	·32	·32
Government stores.						
Railway plant and rolling stock	...	60·29	1,02·65	1,00·00	99·44	1,02·40
TOTAL IMPORTS	31,77·81	39,00·80	39,31·90	39,13·00	40,56·04	41,29·19
Export duties—						
(*a*) Hides and skins, raw	25·33	26·75	31·74	35·00	30·17	30·00
(*b*) Jute (raw and manufactured)	3,57·80	3,75·04	3,68·05	3,80·00	3,85·45	3,80·00
(*c*) Rice	1,18·22	1,23·97	1,40·81	1,36·00	1,15·26	1,21·05
(*d*) Tea	50·06	49·13	48·09	52·00	47·78	...
(*e*) Government Stores	...	·05	·03	...	·04	·04
Sea Customs—Miscellaneous	11·10	13·50	11·43	12·00	12·00	12·15
Land Customs	18·67	20·24	23·04	22·00	20·88	21·82
Excise Duty on Cotton Manufactures	1,56·52	2,17·67	1,46·60	...	·57	...
Excise Duty on Motor Spirit	65·15	78·86	76·82	85·00	90·24	1,00·00
Excise Duty on Kerosene	95·16	95·39	97·88	1,00·00	1,06·00	1,10·00
Warehouse and wharf rents and Miscellaneous	5·29	5·29	5·54	5·00	5·28	5·12
TOTAL RECEIPTS	40,81·11	49,10·88	48,81·93	47,40·00	48,60·71	49,09·37
Deduct—Refunds	*1,11·47*	*3,35·56*	*1,03·98*	*1,00·00*	*1,00·00*	*96·00*
TOTAL REVENUE	39,69·64	45,75·32	47,77·95	46,40·00	47,60·71	48,73·37
EXPENDITURE.						
India	69·47	75·13	80·15	83·55	81·41	86·03
England	1·29	1·45	1·22	1·45	1·24	1·41
Exchange	·60	·54	·40	·48	·42	·47
TOTAL	71·36	77·12	81·77	85·48	83·07	87·91

TAXES ON INCOME.

		Revenue (Receipts *less* refunds and Provincial Government's share of Income-tax revenue).	Expenditu	Net revenue.
1923-24		18,23·56	62·67	17,60·89
1924-25		16,01·48	60·38	15,41·10
1925-26		15,85·93	58·72	15,27·21
1926-27	Budget	16,14·67	67·73	15,46·94
	Revised	15,85·47	62·76	15,22·71
1927-28	Budget	16,95·05	68·48	16,26·57

7. The revised estimate of revenue from Taxes on Income for 1926-27 is about 29 lakhs less than the Budget, but the deterioration is, as explained in paragraph 5 of the Budget speech, almost entirely due to an increase in refunds. The variations under Super-tax call for no remarks while those under Income-tax consist principally of increases in Bombay (20 lakhs) and Burma (11 lakhs) and decreases in Bengal (24 lakhs) and the Punjab (9 lakhs).

8. The Budget estimate of revenue for next year is about 1,10 lakhs more than the revised estimate but of this 45 lakhs are accounted for by the alteration in the method of assessment of tea companies which is referred to in paragraph 39 of the Budget speech, while an appreciable improvement is also expected from the substitution of tax-subject for tax-free Government of India securities and a diminution in refunds.

9. The following tables give the usual details :—

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27. Budget.	1926-27. Revised.	Budget, 1927-28.
REVENUE.						
EXCESS PROFITS DUTY.						
1. Madras	...	·08	...	...	·16	...
2. Bengal	·05	·15	·01	·01	·01	·01
3. Punjab	·14	...	...	...	...	...
TOTAL	·19	·23	·01	·01	·17	·01
SUPER-TAX.						
1. India	2·62	1·22	2·07	2·09	2·24	2·15
2. Baluchistan	...	...	·35	·15	·40	·40
3. N.-W. Frontier	·40	·24	·24	·26	·52	·34
4. Madras	32·79	21·35	22·71	26·00	24·00	25·20
5. Bombay	2,03·90	1,27·34	88·62	87·00	85·00	94·71
6. Bengal	2,64·95	2,25·31	2,54·77	2,41·00	2,41·00	2,61·00
7. United Provinces	22·49	16·53	17·42	20·00	15·30	15·30
8. Punjab	9·77	6·90	6·67	8·00	7·26	8·40
9. Burma	51·41	56·56	57·87	66·00	65·36	70·15
10. Bihar and Orissa	9·85	6·54	4·36	6·00	7·32	6·84
11. Central Provinces	17·34	12·94	8·37	8·50	8·00	8·00
12. Assam	1·12	4·09	2·47	3·00	3·00	5·00
TOTAL	6,17·14	4,79·02	4,65·92	4,68·00	4,59·40	4,99·49

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27. Budget.	1926-27. Revised.	Budget, 1927-28.
REVENUE—*contd.*						
INCOME-TAX.						
1. India General—						
Civil	31·64	32·42	28·28	29·37	29·67	30·16
Non-Civil Departments	55·00	50·21	55·78	56·22	57·94	61·94
2. Delhi	8·27	8·33	11·44	9·74	10·47	10·42
3. Baluchistan	·95	1·07	1·09	1·28	1·95	1·95
4. North-West Frontier	11·47	7·65	9·24	8·39	8·46	8·05
5. Madras	1,57·17	1,18·16	1,28·30	1,36·00	1,34·00	1,39·00
6. Bombay	4,08·79	3,13·10	2,89·07	2,65·00	2,85·00	2,97·00
7. Bengal	3,62·25	3,50·15	3,90·76	3,91·00	3,67·00	3,99·00
8. United Provinces	70·73	64·94	65·31	69·00	67·45	69·70
9. Punjab	77·19	63·38	64·91	74·00	65·37	70·84
10. Burma	1,26·96	1,31·31	1,65·45	1,70·00	1,90·96	1,74·63
11. Bihar and Orissa	39·99	39·42	36·53	40·00	41·44	42·00
12. Central Provinces	46·35	39·99	36·88	34·50	39·52	38·30
13. Assam	13·85	20·06	17·94	18·50	21·16	25·09
14. Coorg	·19	·22	·23	·22	·23	·23
TOTAL	14,10·80	12,40·36	13,00·81	13,03·22	13,10·62	13,68·31
Total Receipts from Taxes on Income	20,28·13	17,19·61	17,66·74	17,71·23	17,70·19	18,67·81
Deduct—Refunds—						
India	*1,79·01*	*96·75*	*1,48·55*	*1,26·23*	*1,48·51*	*1,42·02*
England	...	*1·21*	*4·64*	*4·00*	*6·00*	...
Exchange	...	*·41*	*1·52*	*1·33*	*2·03*	...
TOTAL REFUNDS	1,79·01	98·37	1,54·71	1,31·56	1,56·54	1,42·02
Deduct—Share of Provincial Governments in Income-tax revenue under the Devolution Rules	*25·57*	*19·76*	*26·10*	*25·00*	*28·18*	*30·74*
Total Revenue of the Central Government	18,23·55	16,01·48	15,85·93	16,14·67	15,85·47	16,95·05
EXPENDITURE.						
India	62·26	59·29	57·63	66·59	61·61	67·35
England	·28	·79	·82	·85	·86	·85
Exchange	·13	·30	·27	·29	·29	·28
TOTAL	62·67	60·38	58·72	67·73	62·76	68·48
Distributed as follows—						
Payments to Provincial Governments	19·55	11·16	3·62	2·74	2·63	2·36
Direct expenditure of Central Government	43·12	49·22	55·10	64·99	60·13	66·12

Amount of Income-Tax Revenue payable to Provincial Governments.

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27. Budget.	1926-27. Revised.	Budget, 1927-28.
Madras	10·82	1·57	4·27	3·00	3·58	5·46
United Provinces	...	...	·03	...	...	...
Punjab	4·24	1·90	3·82	5·12	3·72	3·98
Burma	·38	5·90	8·92	9·32	11·06	10·20
Bihar and Orissa	2·55	2·55	2·41	3·06	3·02	4·83
Central Provinces	3·42	2·30	1·36	...	1·50	1·00
Assam	4·16	5·54	5·29	4·50	5·30	5·27
TOTAL	25·57	19·76	26·10	25·00	28·18	30·74

10. The following table shows the distribution by Provinces of the net revenue of the Central Government from Super-tax and Income-tax, after deducting refunds and the share payable to Provincial Governments under the Devolution Rules :—

	Accounts, 1925-26.	1926-27. Budget.	1926-27. Revised.	Budget, 1927-28.
Madras	1,37	1,51	1,43	1,45
Bombay	3,50	3,26	3,39	3,55
Bengal	5,94	5,96	5,72	6,24
United Provinces	81	87	80	83
Punjab	61	72	64	71
Burma	1,77	1,91	1,91	1,96
Bihar and Orissa	35	38	38	43
Central Provinces	37	37	40	41
Assam	14	16	16	23
Minor Administrations and Non-Civil Departments.	1,06	1,06	1,10	1,14
England (including Exchange)	—6	—5	—8	...
TOTAL	15,86	16,15	15,85	16,95

SALT.

	Revenue (Receipts *less* Refunds).	Expenditure (including Capital Expenditure charged to Revenue).	Net Revenue.
1923-24	10,01·51	1,36·12	8,65·39
1924-25	7,39·05	1,27·40	6,11·65
1925-26	6,32·97	1,32·24	5,00·73
1926-27 Budget	6,90·00	1,43·68	5,46·32
1926-27 Revised	6,70·00	1,29·46	5,40·54
1927-28 Budget	7,00·00	1,31·25	5,68·75

11. The revised estimate of revenue has been taken at 20 lakhs less than the original estimate in the light of recent actuals. The expectation of a reduction in the rate of duty and the operation of the system of credit sales are jointly responsible for the deterioration. Next year's figure of 7 crores allows for a small increase in consumption.

12. The revised estimate of expenditure is about 14 lakhs less than originally anticipated. The Budget figures for the current year have had to be cut down rigorously in view of past experience. The savings relate mainly to manufacture and weighment charges, purchase of bags, and works expenditure in the Northern India Salt Revenue Department.

13. Details of revenue and expenditure are given below :—

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27. Budget.	1926-27. Revised.	Budget, 1927-28.
REVENUE.						
Northern India (*a*)	3,24·44	1,42·92	1,29·09	1,77·36	1,56·15	1,72·36
Madras (*a*)	2,14·17	1,94·99	1,47·72	1,49·10	1,44·88	1,49·68
Bombay (*a*)	2,28·98	1,75·40	1,53·67	1,64·25	1,63·61	1,69·07
Bengal (*b*)	1,83·03	2,37·84	1,72·35	1,70·73	1,74·68	1,79·68
Burma (*b*)	61·76	34·62	34·19	34·30	34·15	34·50
Bihar and Orissa	...	...	·01	·01	·01	·01
Assam	...	·01	·01	·01	·01	·01
TOTAL RECEIPTS	10,12·38	7,85·78	6,37·04	6,95·76	6,73·49	7,05·31
Deduct—Refunds	*10·87*	*46·73*	*4·07*	*5·76*	*3·49*	*5·31*
TOTAL REVENUE	10,01·51	7,39·05	6,32·97	6,90·00	6,70·00	7,00·00
EXPENDITURE.						
Cost of salt purchased by Government	21·28	14·47	10·25	13·24	14·28	12·64
Assignments and compensations	37·54	36·38	40·27	39·28	38·19	38·24
Interest	...	3·01	3·72	4·22	3·92	4·19
Depreciation	...	2·60	2·54	3·35	2·63	2·86
Other charges	76·54	62·87	67·91	72·67	64·01	68·17
Capital Outlay on salt works	...	7·20	7·18	10·20	5·89	4·56
Total India	1,35·36	1,26·53	1,31·87	1,42·96	1,28·92	1,30·66
England	·52	·63	·28	·54	·40	·44
Exchange	·24	·24	·09	·18	·14	·15
TOTAL	1,36·12	1,27·40	1,32·24	1,43·68	1,29·46	1,31·25

(*a*) Chiefly excise on local manufacture.

(*b*) Chiefly duty on imported salt.

OPIUM.

	Provision and medical (*less* refunds).	Excise opium and miscellaneous.	Total revenue (*less* refunds).	Purchase of opium.	Other charges.	Total expenditure.	Net revenue.
1923-24	3,17·37	1,07·45	4,24·82	2,39·12	19·68	2,58·80	1,66·02
1924-25	2,74·47	1,05·29	3,79·76	2,14·82	20·75	2,35·57	1,44·19
1925-26	2,82·76	1,32·24	4,15·00	1,90·30	21·17	2,11·47	2,03·53
1926-27 Budget	2,90·00	90·00	3,80·00	1,35·00	19·41	1,54·41	2,25·59
1926-27 Revised	3,27·41	91·10	4,18·51	90·84	15·77	1,06·61	3,11·90
1927-28 Budget	3,00·07	83·01	3,83·08	75·34	15·25	90·59	2,92·49

14. The revenue from opium is derived mainly from exports of what is called provision opium to foreign countries, and from the sale to Provincial Governments of excise opium for internal consumption in India. The latter is sold to Provincial Governments at a fixed price based on the cost of production, and retailed by them to licensed vendors at rates fixed by them which vary from Province to Province. Opium is exported to foreign countries only after the prescribed import certificate from the Government of the importing country is produced. The entire quantity is now exported under the system of direct sales to Foreign and Colonial Governments, that of auction sales in Calcutta to traders for export to foreign countries having been stopped with effect from the 7th April 1926.

15. The exports of provision opium in the current year are now expected to amount to 8,065 chests against the original estimate of 7,000 chests. This is the main reason for the large improvement in revenue which, after taking into account the compensation of about 9 lakhs payable to certain dealers in consequence of the stoppage of export to Saigon, is still over 38 lakhs. The expenditure too shows a large reduction of 48 lakhs which reflects the poor quality of the year's crop and the reduction in the area of cultivation.

16. Next year, exports of provision opium are expected to go down to 7,166 chests under the arrangement whereby they have to be extinguished not later than the 31st December 1935, while expenditure will also simultaneously diminish, resulting in a net revenue of 2,92 lakhs against 3,12 now expected in the current year.

OTHER PRINCIPAL HEADS OF REVENUE AND DIRECT DEMANDS ON THE REVENUES.

	Revenue.	Expenditure.	Net revenue.
1923-24	2,28·56	15·10	2,13·46
1924-25	2,06·93	43·75	1,63·18
1925-26	2,12·60	60·57	1,52·03
1926-27 Budget	2,25·43	59·04	1,66·39
1926-27 Revised	2,26·42	58·40	1,68·02
1927-28 Budget	2,27·06	56·63	1,70·43

17. These comprise Land Revenue, Excise, Stamps, Forest, Registration and Tributes from Indian States. The variations are unimportant.

POSTS AND TELEGRAPHS.

	Accounts, 1923-24.	Accounts, 1924-25.	Accounts, 1925-26.	1926-27. Budget.	1926-27. Revised.	Budget, 1927-28.
INDIAN POSTAL AND TELEGRAPH DEPARTMENT.						
GROSS RECEIPTS	9,90·72	9,97·28	10,21·37	10,64·65	10,51·03	10,79·83
WORKING EXPENSES—						
India	8,81·96	8,82·01	9,28·90	10,09·95	9,97·03	10,16·80
England	16·37	10·93	6·83	5·66	5·91	5·46
Exchange	7·15	4·09	2·23	1·89	2·00	1·82
TOTAL	9,05·48	8,97·03	9,37·96	10,17·50	10,04·94	10,24·08
NET RECEIPTS	85·24	1,00·25	83·41	47·15	46·09	55·75
EXPENDITURE CHARGED TO REVENUE—						
Interest	63·89	68·60	46·38	57·00	53·26	56·51
NET REVENUE	21·35	31·65	37·03	—9·85	—7·17	—·76
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	—50·51	—56·99	—1,40·87	20·02	18·52	20·00
England	12·12	10·45	...	...	...	...
Exchange	5·54	3·83	...	...	...	...
TOTAL	—32·85	—42·71	—1,40·87	20·02	18·52	20·00
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	75·21	1,17·56	2,00·50	44·02	22·39	49·83
England	...	...	10·03	12·71	8·61	7·61
Exchange	...	...	3·26	4·24	2·91	2·54
TOTAL	75·21	1,17·56	2,13·79	60·97	33·91	59·98
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
GROSS RECEIPTS—						
India	17·07	29·38	22·39	23·64	15·30	17·15
England	16·69	8·27	10·58	7·80	15·50	14·60
Exchange	7·66	3·06	3·46	2·60	5·24	4·87
TOTAL	41·42	40·71	36·43	34·04	36·04	36·62
WORKING EXPENSES—						
India	29·29	28·77	31·90	34·09	31·65	32·72
England	·85	·69	1·20	1·18	1·17	1·19
Exchange	·40	·26	·39	·40	·39	·39
TOTAL	30·54	29·72	33·49	35·67	33·21	34·30
NET RECEIPTS	10·88	10·99	2·94	—1·63	2·83	2·32
EXPENDITURE CHARGED TO REVENUE—						
Interest	...	...	4·31	5·10	5·17	5·29
NET REVENUE	10·88	10·99	—1·37	—6·73	—2·34	—2·97
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	—4·29	—4·94	—14·10	3·85	1·56	2·76
England	—·99	7·35	1·80	·03	·07	·04
Exchange	—·38	2·58	·59	·01	·02	·01
TOTAL	—5·66	4·99	—11·71	3·89	1·65	2·81
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	...	...	8·40	—3·65	—4·10	—3·56
England	...	...	1·02	1·50	1·15	1·20
Exchange	...	...	·33	·50	·39	·40
TOTAL	...	...	9·75	—1·65	—2·56	—1·96

18. The above statement shows the position of both the Indian Postal and Telegraph Department and the Indo-European Telegraph Department at a glance. The figures appearing as 'Net Revenue' show in both cases the loss on the working on a commercial basis. The loss both this year and next is now expected to be considerably less than that shown in the Budget for 1926-27.

19. The Working Expenses of the Indian Postal and Telegraph Department in 1927-28 include 12¼ lakhs of new measures designed to improve the pay and allowances of the subordinate staff but also take an increased credit of about 5¼ lakhs on account of the management of the work connected with the Post Office Savings Bank and Cash Certificates.

20. The interest chargeable to both the Departments has been calculated throughout with reference to the value of the recently constructed block account as at the 31st March 1925 and the capital outlay subsequently incurrred, after taking into account capital receipts as also the loss on the working.

INTEREST RECEIPTS.

	Accounts, 1925-26.	1926-27. Budget.	1926-27. Revised.	Budget, 1927-28.
India	95·77	74·41	66·53	70·69
England — Interest on temporary investment of cash balances, etc.	48·69	32·03	42·89	21·58
England — Excess of Gold Standard Reserve over £40 millions	1,97·77	1,72·50	1,92·50	1,62·50
Exchange	79·72	68·17	79·56	61·36
Total	4,21·95	3,47·11	3,81·48	3,16·13

21. The fall in the Interest receipts in India in the current year is entirely due to the fact that certain securities of Railway Provident Funds which had been taken over by Government and the yield from which used to be credited under this head, have now been completely disposed of. On the other hand, the Interest receipts in England have been considerably higher than anticipated owing to the high interest rates prevailing there. The Budget estimate of Home receipts next year allows for a fall both in the interest rate and in the volume of the balances in the Home Treasury.

INTEREST PAYMENTS.

	Accounts, 1925-26.	1926-27. Budget.	1926-27. Revised.	Budget, 1927-28.
Interest on debt—				
Gross payments—				
India	20,76·21	20,55·45	19,94·31	20,26·14
England	13,07·07	13,04·04	13,04·45	12,89·18
Exchange	4,28·98	4,34·68	4,40·87	4,29·73
Total	38,12·26	37,94·17	37,39·63	37,45·05

	Accounts, 1925-26.	1926-27. Budget.	1926-27. Revised.	Budget, 1927-28.
Deduct—Amounts charged to—				
Railways	23,14·12	24,38·21	24,46·81	25,82·64
Irrigation	12·07	12·05	12·03	12·04
Posts and Telegraphs	51·26	62·10	59·20	62·77
Other heads	6·46	11·11	10·66	13·80
Provincial Loans Fund	5,20·83	5,29·82	5,34·33	5,36·05
Total deductions	29,04·74	30,53·29	30,63·03	32,07·30
Total Interest on Ordinary Debt (net)	9,07·52	7,40·88	6,76·60	5,37·75
Interest on other obligations—				
On Postal Savings Bank balances	73·99	80·55	79·08	85·14
On Provident Funds	2,04·53	2,37·52	2,33·09	2,29·95
Bonus on Postal Cash Certificates	15·94	15·00	15·40	16·00
On Fixed Deposits of Provincial Governments	6·20	20·00	22·35	25·00
On Reserve and Depreciation Funds	54·68	81·54	63·58	78·26
Other items	74·13	77·64	81·44	90·44
Total	4,29·47	5,12·25	4,94·94	5,24·79
Total Interest payments	13,36·99	12,53·13	11,71·54	10,62·54

22. The principal variations from Budget in the current year are the savings of 61 lakhs in the gross payments in India on account of interest on ordinary debt and 18 lakhs in the interest on the balances of the Reserve and Depreciation Funds. The former is accounted for mainly by the reduction in the discount on Treasury Bills held in the Paper Currency Reserve which it was possible to renew at rates substantially lower than those which prevailed last year. The latter is due primarily to the drop in the rate of interest allowed on the balances of the funds from 4½ to 3¾ per cent., following on the comparatively easy terms on which the Government of India were able to borrow in the open market in the current year, and to a certain extent also to the latest estimates involving a transfer of 7 lakhs *from* the Railway Reserve fund instead of enabling a transfer of 2,70 lakhs to be made *to* the Fund as anticipated in Budget. The discount, amounting to 3,54 lakhs, on the current year's rupee loan will not be charged to revenue at once but a special discount sinking fund will be formed in order to spread the charge over the period of the currency of the loan.

23. The increase in the gross payments of interest on ordinary debt in India in 1927-28, which is only slightly larger than the corresponding decrease in England, reflects the extent to which sterling debt has been replaced by rupee debt, while the net saving of 1,09 lakhs, as compared with the revised estimate for the current year, in the net total of interest on dead-weight debt, is an indication of the extent to which unproductive debt has been replaced by productive debt. It is relevant to mention, in this connection, that in view of the terms on which recent borrowings of the Government of India have been made, the rate of interest allowed on the balances of Provident and other similar funds has been reduced from 5½ to 4¾ per cent. with effect from the 1st April 1927.

REDUCTION OR AVOIDANCE OF DEBT.

24. Under the scheme of debt redemption adopted by the Government of India for the five years 1925-26 to 1929-30, the annual charge against the revenues of India for the purpose of making provision for the reduction or avoidance of debt is made up of—

(*a*) a sum of 4 crores, and

(*b*) such additional sum as is equal to one-eightieth of any excess shown in the total of the debt outstanding on the 31st of March of the preceding year over the total outstanding on the 31st March 1923. . . . . .

25. The amount required under this scheme is 4,84·04 lakhs in 1926-27, and 4,95·80 lakhs in 1927-28. The figures on which the calculation is based are given below :—

	(In lakhs of rupees, sterling amounts being converted at Rs. 15 per £.) 31st March 1923.		31st March 1926.		31st March 1927 (Estimate).	
Rupee Debt exclusive of Treasury Bills in the Paper Currency Reserve	3,61,42		3,68,29		3,74,48	
Sterling Debt	3,63,95		4,27,00		4,24,28	
Unfunded Debt	62,56		94,87		1,07,61	
Capital value of the liabilities undergoing redemption by way of Terminable Railway Annuities .	91,97		86,30		84,28	
		8,79,90		9,76,46		9,90,65
Deduct—						
Discount included above but separately provided for . .	8,23		10,66		10,53	
Advances to Provincial Governments other than those representing pre-Reform Irrigation debt . . .	24,89		51,79		56,70	
		33,12		62,45		67,23
		8,46,78		9,14,01		9,23,42
Excess over outstanding debt on 31st March 1923 . .				67,23		76,64
$\frac{1}{80}$th of above				84·04		95·80

26. These amounts should be increased further by 13·11 and 16 lakhs respectively, being the reparation receipts payable by Germany which have to be applied, under section 7 of the Indian Finance Act, 1926, to the reduction or avoidance of debt. The total provision, is thus 4,97·15 lakhs in 1926-27 and 5,11·80 lakhs in 1927-28.

These amounts include the following specific items :—

	Revised, 1926-27.	Budget, 1927-28.
Sinking fund provision for 5 per cent. rupee loans .	1,36·04	1,36·04
Capital portion of railway annuities . . .	1,80·25	1,85·85
Railway sinking funds	26·76	26·67
Capital portion of liabilities assumed in respect of British 5 per cent. War Loan 1929—47 . .	68·51	71·68
Reparation receipts	13·11	16·00
TOTAL .	4,24·67	4,36·24

CIVIL ADMINISTRATION.

	Revenue.	Expenditure.	Net Expenditure.
1923-24	68·51	9,33·97	8,65·46
1924-25	73·98	10,12·59	9,38·61
1925-26	89·98	10,76·49	9,86·51
1926-27 Budget	77·86	11,45·30	10,67·44
1926-27 Revised	82·00	11,27·53	10,45·53
1927-28 Budget	84·21	11,31·39	10,47·18

27. As a result of past experience, the Budget figures of expenditure in the current year have been reduced considerably in framing the revised estimate, with the result that the latter shows a saving of nearly 18 lakhs notwithstanding the fact that certain items of expenditure not provided for in the original estimates had to be included, *e.g.*, some 11 lakhs for the acquisition of certain lands for aviation purposes and 6 lakhs on expeditions into the Naga Hills and the Triangle with a view to the extermination of slavery and human sacrifice in those regions.

28. The Budget estimate of expenditure for next year is again only 4 lakhs more than the revised estimate for 1926-27 notwithstanding the inclusion therein of a large number of new items, principally that of 12 lakhs on the five-year educational programme referred to in paragraph 31 of the Budget speech and 8 lakhs for a beginning to be made with the construction of an India House in London, not to speak of the ordinary growth in expenditure due to increments, etc., and the transfer of some 35 lakhs from the head 'Civil Works' to the head 'Frontier Watch and Ward' which has been newly opened in this group. The reason is that there has been a considerable saving owing to the practical cessation of the payment of bounties on steel of which there will be only a small residue of 5 lakhs next year against the large amount of 88 lakhs which figured in the current year's Budget.

CURRENCY AND MINT.

		Revenue.	Expenditure.	Net Revenue.
1923-24		3,12·74	99·07	2,13·67
1924-25		3,99·33	71·41	3,27·92
1925-26		4,63·89	70·11	3,93·78
1926-27	Budget	4,29·68	78·24	3,51·44
	Revised	4,17·69	77·91	3,39·78
1927-28	Budget	2,48·70	74·85	1,73·85

29. The drop of 12 lakhs in the revenue for the current year occurs wholly in respect of the profit on the circulation of nickel coins while the further drop of 1,69 lakhs next year is the combined result of the reduction in the amount of investments held in the Paper Currency Reserve both in India and in England and of the comparatively lower rates at which Treasury Bills held in the Reserve in India were renewed in 1926-27.

CIVIL WORKS.

		Revenue.	Expenditure.	Net Expenditure.
1923-24		37·05	1,70·31	1,33·26
1924-25		13·21	1,77·73	1,64·52
1925-26		12·85	1,60·42	1,47·57
1926-27	Budget	9·98	1,80·11	1,70·13
	Revised	14·91	1,90·25	1,75·34
1927-28	Budget	17·45	1,66·98	1,49·53

30. The increase in both revenue and expenditure in the revised as compared with the original estimate for the current year has resulted from the transfer of certain items to this head from the capital head 'Initial expenditure on New Capital at Delhi' in view of the approaching completion of the New Capital, while the reduction in expenditure next year is more apparent than real as it has been occasioned by the transfer of about 35 lakhs to the head 'Frontier Watch and Ward' referred to in paragraph 28.

MISCELLANEOUS.

		Revenue.	Expenditure.	Net Expenditure.
1923-24		94·78	4,46·50	3,51·72
1924-25		45·90	4,35·32	3,89·42
1925-26		54·18	4,25·60	3,71·42
1926-27	Budget	39·27	3,96·31	3,57·04
	Revised	55·97	4,02·26	3,46·29
1927-28	Budget	46·90	3,97·15	3,50·25

31. The only important variation is in the revised estimate of revenue for the current year which exceeds the original estimate by 17 lakhs. This is explained by larger receipts on account of stationery and printing, and a number of other miscellaneous items, including 3 lakhs in England on account of the refund of expenses incurred in repatriating German subjects.

PROVINCIAL CONTRIBUTIONS AND MISCELLANEOUS ADJUSTMENTS BETWEEN CENTRAL AND PROVINCIAL GOVERNMENTS.

	Revenue.	Expenditure.	Net Revenue.
1923-24	9,21·55	37·99	8,83·56
1924-25	9,25·21	50·74	8,74·47
1925-26	6,24·09	15·68	6,08·41
1926-27 Budget	5,45·12	6·00	5,39·12
1926-27 Revised	5,17·61	4·72	5,12·89
1927-28 Budget	...	...	...

32. The deterioration of 28 lakhs in the revised estimate for the current year is accounted for by the special relief proposed to be given to Bombay—*vide* paragraph 50 of the Budget speech. The disappearance of the revenue figure in Budget next year is likewise the result of the remission of the entire amount of Provincial contributions now outstanding, part of which is recurring and part non-recurring.

33. The following table brings out the whole position as regards *permanent* remissions :—

Province.	Fixed contribution.	Remitted in 1925-26.	Remitted in 1926-27.	Now outstanding.	Proposed to be remitted in 1927-28.	Balance not finally remitted.
Madras	3,48	1,26·02	56·79	1,65·19	1,16·46	48·73
Bombay	56	...	...	56	18·73	37·27
Bengal	63	...	...	63	8·53	54·47
United Provinces	2,40	56·17	32·98	1,50·85	99·25	51·60
Punjab	1,75	61·16	28·11	85·73	59·93	25·80
Burma	64	6·65	7·12	50·23	31·60	18·63
Central Provinces	22	...	...	22	7·67	14·33
Assam	15	...	...	15	7·83	7·17
Coorg	·12	...	...	·12	·12	...
TOTAL	9,83·12	2,50	1,25	6,08·12	3,50·12	2,58

34. As a result of the proposed remissions and in accordance with the policy referred to in paragraph 81 of the Budget speech of the 28th February 1925, the assignments hitherto made to some of the Provincial Governments in respect of customs duty on imported stores will cease from 1927-28 which explains the disappearance of the expenditure figure from that year's Budget.

EXTRAORDINARY ITEMS.

	Accounts, 1925-26.	1926-27. Budget.	1926-27. Revised.	Budget, 1927-28.
Receipts—				
India	28·77	...	7·45	1,71·65
England	47·58	12·00	33·32	12·00
Exchange	15·71	4·00	11·26	4·00
TOTAL	63·57	16·00	52·03	1,87·65
Payments—				
India	25·77	5·00	2,87·04	7·00
England	...	...	...	...
Exchange	...	...	...	...
TOTAL	25·77	5·00	2,87·04	7·00

35. The receipt of about 7 lakhs in India under this head in the current year represents the realisations of the securities of certain funds which have to be credited finally to Government while the increase in the Home receipts represents a windfall from "Pre-Dawes" reparations.

36. The large increase in the current year's payments is nominal only, being a transfer of the year's revenue surplus to the special deposit head "Revenue Reserve Fund" as explained in paragraphs 52 and 57 of the Budget speech. This transfer of 2·82 crores should be excluded from the total of 86·89 crores shown as net charges is statement D of the Budget in order to arrive at the figure of 84·07 crores mentioned in paragraph 14 of the Budget speech.

EXCHANGE.

37. Since the 1st April 1920, the accounts have been prepared on the basis of the rate of 2*s.* per rupee for the conversion of rupee transactions into sterling and *vice versâ*. The sterling value of the rupee has, however, stood at a lower level in recent years, the average rate for the current year being expected to work out at 1*s.* $5\frac{15}{16}d.$ In consequence of this variation from the 2*s.* rate, large sums have to be brought to account as credits or debits on

account of exchange in respect of transactions involving remittances of funds to and from the Secretary of State. These are purely book-keeping transactions. Under the present system, there is an accounts 'gain' by exchange when the Home remittances through the market are less than the amounts required by the Secretary of State for his aggregate net disbursements owing to the latter being financed partly from other sources, *e.g.*, a sterling loan floated in London. Similarly there is an accounts 'loss' when the remittances are greater in order to meet the demands of trade. These 'gains' and 'losses' fluctuate within very wide limits as will be seen from the following statement of balances at the end of each of the financial years from 1919-20 onwards : —

	Credit + Debit —
31st March 1920	+5,23
„ „ 1921	—22,85
„ „ 1922	—11,48
„ „ 1923	+5,47
„ „ 1924	+8,55
„ „ 1925	+5,40
„ „ 1926	+1,31
„ „ 1927 (Estimate.)	+11 72
„ „ 1928 (Estimate.)	+*11,20*

38. The procedure for the allocation of exchange gains and losses is as follows. All exchange gains and losses arising in respect of remittance transactions are recorded in the first instance under a suspense head; the portion attributable to the revenue and capital accounts in respect of outlay incurred in England is calculated every month on the basis of the average of the daily telegraphic transfer rates from Calcutta on London and transferred to these accounts, and the portion relating to the expenditure of Provincial Governments is similarly debited to the Provincial Governments concerned; and it is considered with reference to the circumstances of each year whether the balance remaining under the suspense head after these transfers are made should be written off to revenue or kept in suspense against the possibility of opposite results in succeeding years. As the amount remitted Home depends on the circumstances of the year and often varies widely from the estimate, it is obvious that it is practically impossible to estimate the closing balance under this suspense head.

39. The estimated results for the years 1926-27 and 1927-28, so far as can be foreseen at the present moment, are as follows, on the assumption of an average rate of exchange of 1*s.* $5\frac{15}{16}$*d.* for the current year and of 1*s.* 6*d.* for the next. The method of accounting to be adopted with effect from

1927-28 as a result of the recent passing of the Currency Bill, is under consideration :—

	1926-27.	1927-28.
Loss on :		
(i) Remittances from India for financing the Home Treasury	1,32	11,83
(ii) Bills and telegraphic transfers drawn by Iraq for payment in India against recoveries in England	46	35
(iii) Sterling money order and other miscellaneous transactions	58	42
Total Loss .	2,36	12,60
Transfers to:		
Revenue heads (net)	7,95	8,19
Capital heads (Railways, Posts and Telegraphs, Delhi, etc.)	3,87	3,08
Provincial Governments	95	81
Total Transfers .	12,77	12,08
Net $\frac{\text{Credit}+}{\text{Debit}-}$ under the suspense head . .	+10,41	—52
Opening balance	+1,31	+11,72
Closing balance	+11,72	+11,20

WAYS AND MEANS.

Home Treasury.

40. The bulk of the payments made in England on account of the Government of India consists normally of expenditure chargeable to the Indian revenues; and, if the transactions of the Home Treasury were restricted only to such payments, the Ways and Means programme would be a simple arrangement, as the whole of the expenditure would ordinarily be met by remittance of funds from India. The capital outlay on the construction of Railways, however, sometimes necessitates heavy borrowing and a large portion of the money required has, when necessary, been raised in England, either direct or through the agency of Companies. Operations connected with the Gold Standard and Paper Currency Reserves, and with the replacement of one particular form or item of direct or indirect debt by another, further swell the receipts and charges of the Home Treasury without affecting ordinarily the general Ways and Means programme. Recoveries are also being effected by the Secretary of State against the drawings of the Iraq administration on India. These recoveries represent, in effect, remittances from India to finance the Home Treasury and reduce the amount of direct remittances which would otherwise be necessary.

41. The following is a summary of the estimated transactions of the Home Treasury :—

(In millions of £)

	Budget, 1926-27.	Revised, 1926-27.	Budget, 1927-28.
RECEIPTS.			
1. Discount on loans raised in previous years brought to account as debt incurred	·22	·22	·22
2. Remittances between England and India—			
(*a*) Recoveries on account of drawings by Iraq administration on India	1·95	1·37	1·05
(*b*) Other transactions	1·12	1·80	1·28
Total Receipts, excluding direct remittances and loans	3·29	3·39	2·55
DISBURSEMENTS.			
3. Excess of Expenditure of the Central Government over Revenue	23·76	23·53	24·56
4. Disbursements on behalf of Provincial Governments	2·84	2·81	2·43
5. Capital Expenditure not charged to Revenue—			
(*a*) Outlay on State Railways	11·32	9·25	8·50
(*b*) Discharge of Railway debentures	·50	1·97	·55
(*c*) Other items	·32	·22	·19
6. Discharge of Debt	3·06	3·06	2·13
7. Deposits and Advances	—·06	—·14	—·08
Total Disbursements	41·74	40·70	38·28
NET DISBURSEMENTS	38·45	37·31	35·73
Remittances from India (net)	29·50	27·50	35·50
Reduction (+) or increase (—) of cash balance	8·95	9·81	·23
Opening Balance	14·49	15·05	5·24
Closing Balance	5·54	5·24	5·01

42. Item 2 (*a*) has already been explained in paragraph 40. The succeeding item relating to 'Other transactions' is almost entirely made up of recoveries from the Governments of Hong-Kong, the Straits Settlements and Siam in respect of opium supplied from India under agreement.

43. Item 5 (*b*) represents the net amount of railway debentures discharged. Ordinarily, there are debentures falling due every year, some of which are renewed.

44. The amount shown under the head 'Discharge of Debt' includes the provision for railway sinking funds and the capital portion of railway annuities, and of the equated instalments in repayment of the warloan liability. These payments are made out of the provision for reduction or avoidance of debt. The revised estimate for 1926-27 includes, in addition, nearly £1 million of 7 per cent. stock which was outstanding at the beginning of the year, the rest having been converted previously into 3 per cent. stock under the terms of the loan.

45. Remittances for financing the Home Treasury have been made as follows in the current year :—

		(In millions of £.)
Through Paper Currency Reserve	23·43	
Less Sales of Sterling	1·43	
		22
Through purchases of Sterling		1·19
Total remitted		23·19

The total amount required to be remitted in the current year is £27½ million while the corresponding amount for next year is £35½ million. These, however, are only illustrative figures, representing the remittances necessary to provide the Home Treasury with a normal closing balance. The actual amount of remittance must, like the form, necessarily depend upon circumstances.

46. The Gold Standard Reserve usually stands at £40 million, any excess resulting from investments, etc., being transferred monthly to Revenue. The receipts and charges in the two years are as follows :—

	(In millions of £.)	
	Revised, 1926-27.	Budget, 1927-28.
Dividends, interest, etc.	1·74	1·85
Investments realised	31·68	23·31
TOTAL	33·42	25·16
Investments made	31·49	23·53
Appropriation to Revenue	1·93	1·63
TOTAL	33·42	25·16

INDIA.

47. The following is a summary of the estimates of Ways and Means in India during 1926-27 and 1927-28 :—

(In crores of rupees.)

	Budget, 1926-27.	Revised, 1926-27.	Budget, 1927-28.
RECEIPTS.			
1. Excess of Revenue of the Central Government over expenditure charged to Revenue	23·81	23·53	24·56
2. Unfunded Debt incurred—			
(*a*) Post Office Cash Certificates (net)	4·00	6·08	5·40
(*b*) Savings Bank deposits (net)	5·54	6·57	6·18
3. Appropriation for reduction or avoidance of debt	5·03	5·05	5·24
4. Railway Reserve and Railway and Posts and Telegraphs Depreciation Funds	5·61	3·30	4·47
5. Exchange on Remittance Accounts	2·05	10·41	—·52
6. Other Deposits and Remittances (net)	—·48	4·73	—·34
7. Revenue Reserve Fund	...	2·82	—1·72
TOTAL RECEIPTS	45·56	62·49	43·27
DISBURSEMENTS.			
8. Capital Expenditure not charged to Revenue—			
(*a*) State Railways	14·68	17·75	16·50
(*b*) Discharge of railway debentures	·17	·67	·18
(*c*) Posts and Telegraphs	·45	·22	·49
(*d*) Delhi	·93	·73	·67
(*e*) Other items	·74	·87	·85
9. Permanent Debt discharged (net)	·20·05	23·31	17·87
10. Floating Debt discharged (net)	...	8·18	...
11. Loans by the Central Government—			
(*a*) To Provincial Loans Fund	7·00	4·81	1·24
(*b*) Other Loans	1·06	·38	1·79
12. Remittances between England and India—			
(*a*) Remittances from India for financing Home Treasury	29·50	27·50	35·50
(*b*) Drawings by the Iraq administration recoverable in England	1·95	1·37	1·05
(*c*) Other transactions (net)	1·13	1·79	1·32
13. Balances of Provincial Governments	—2·84	1·28	2·76
TOTAL DISBURSEMENTS	74·82	88·86	80·22
NET DISBURSEMENTS	29·26	26·37	36·95
New Loan (less discount)	22·00	25·96	27·00
Reduction of cash balance	7·26	·41	9·95
Opening Balance	22·88	25·15	24·74
Closing Balance	15·62	24·74	14·79

48. The large improvement in the revised estimate for the current year under item 6 is due to the sales of the securities referred to in para. 21 and of certain others held in the Cash Balance Investment Account. There are now no more securities of the kind awaiting disposal.

49. The estimates of Provincial Governments' transactions—*vide* items 11 (*a*) and 13—are based on the assumption that the net drawings from the Central Government in India and England, including those in the shape of advances through the Provincial Loans Fund, will be about 9 crores in the current year and about 6½ crores in the next.

50. Full details of the debt incurred and discharged are given in statement C of the Budget. Out of the net amount of 23·31 crores shown as discharged in the current year, 19·75 crores represent 1926 Bonds which have been either converted into the new loan or discharged on maturity. The net amount of 17·87 crores similarly shown in the Budget for 1927-28 include 17·50 crores of 1927 Bonds which mature during the year.

51. The amount of the new loan now estimated for next year has been shown separately at 27 crores and this includes conversions. The figure is, however, again illustrative only and the actual amount and other details will depend upon the circumstances of the time. The result of the rupee loan in the current year, which was a 4 per cent. one issued at 88, is summarised below for ready reference :—

[In crores of rupees.]

Subscriptions in cash	16·77
Subscription in the form of 6 per cent. Bonds, 1926, of the nominal value of 7·61	8·73
Subscription in the form of 6 per cent. Bonds, 1927, of the nominal value of 2·39	2·78
Subscription in the form of 5½ per cent. War Bonds, 1928, of the nominal value of 1·01	1·22
Total nominal value	29·50

The 31st March 1927. A. F. L. BRAYNE.

APPENDIX I.*

Statement of the effect on the financial position of the Government of India of an alteration in the exchange value of the rupee from 1*s.* 6*d.* to 1*s.* 4*d.* gold.

In this statement an attempt is made to arrive at an estimate of the probable effect on the civil and military expenditure and on the general revenues of the Government of India if the present ratio of the rupee at 1*s.* 6*d.* were changed to 1*s.* 4*d.* The problem is mainly considered with reference to the financial effect on the Budget of 1927-28, which has been framed on the basis of 1*s.* 6*d.* but the same effect will probably continue without material abatement in 1928-29. As regards future years, an attempt is also made to gauge the broad results of the various processes of adjustment to the new conditions so far as these can be estimated with any degree of certainty. It is outside the scope of this note to examine the effect of the lower ratio on the financial condition of the Provincial Governments. The realisation of their hopes for the final remission of Provincial contributions would be deferred but, apart from this, they would have to meet considerably increased expenditure while their difficulties in regard to provision of funds for the development of beneficent services would be greatly accentuated. Nor would further financial embarrassment in the Provinces fail to repercuss on the Central Government.

2. The estimate is based on the assumptions, which are obviously exceedingly questionable assumptions, that—

(*a*) the Government would not be required at any early date to adjust the pay and allowances of its establishment, amounting to nearly Rs. 26 crores in the military estimates and 14 crores in the civil estimates, on account of the fall of 11 per cent. in the real wages now in force.

(*b*) the rates of interest on which Government borrows at present will not be increased.

Further, no allowance is made for the possibility of an early increase in railway rates or in certain of the postal and telegraph charges. The cost of transport by rail to the civil and military estimates is approximately Rs. 3 crores per annum.

3. The effect on expenditure may first be estimated.

(*a*) *Sterling expenditure charged to Revenue* (net)—The net sterling expenditure on interest, stores, pay, pension and allowances of establishment and other non-effective and miscellaneous charges on both civil and military account amounts to a total of £18,862,000. The additional expenditure which would be necessary to meet these charges, if the ratio were 1*s.* 4*d.*, amounts to Rs. 3·14 crores which would clearly constitute a continuing charge for some years to come.

(*b*) *Rupee expenditure charged to Revenue.*—Excluding outlay on pay and allowances of establishment, military and civil, amounting to about Rs. 40 crores, the principal expenditure which would be affected by the change in the ratio is that involved in the purchase in India of numerous classes of

* Referred to in paragraph 36 of Budget Speech.

supplies and stores for the various civil and military departments. The price of these commodities would respond at once to a sudden fall in exchange and the increase in prices would be practically instantaneous in those articles, the price of which is regulated by world factors. The present scale of rupee expenditure on commodities is in the neighbourhood of Rs. 15 crores, of which Rs. 12 crores appertains to the military estimates. This amount represents the maintenance charges of the Army in respect of rations (atta etc.) fodder, clothing, local engineering and medical stores and multifarious other supplies. The cost of similar supplies in the civil estimates is Rs. 3 crores. The alteration from 1*s.* 6*d.* to 1*s.* 4*d.* would, within two or three years, involve the full additional charge of 12½ per cent. or Rs. 1·87 crores but for 1927-28 it may be assumed that the full adjustment will not be reached throughout all classes of stores and an average increase of 7½ per cent. would be a reasonable and cautious estimate. This increase on Rs. 15 crores means an additional expenditure of Rs. 1·12 crores.

(*c*) *Expenditure charged to Capital.*—The capital expenditure of the Government of India, on other than railway account, amounts to about £200,000 in England and Rs. 2 crores in India, the latter being a diminishing figure as New Delhi is approaching completion. The increased capital expenditure on the basis of 1*s.* 4*d.* on account of exchange and higher price of commodities purchased on capital account may be taken at Rs. 12 lakhs. On account of sterling debt disbursements in England additional remittance of Rs. 36 lakhs would be required. The small additional charge on account of interest on these two items has not been taken into account in this statement.

4. *Revenue.*—The principal heads of revenue are dealt with below :—

(*a*) *Salt.*—The cost of manufacture, which would increase with a general rise of prices, is recovered from the consumer and there would be no net additional charge to Government on this account. As regards the salt duty, which depends upon consumption, it may be assumed that a general rise in the cost of living in advance of adjustment of wages would affect the consuming power of the public. Experience however indicates that the effect of a general rise in prices is not likely to be appreciable in the case of an article so essential as salt on which the expenditure of the individual is relatively small. No material change is therefore assumed in salt revenue.

(*b*) *Opium.*—Excise opium is sold to local Governments at cost price. A rise in the cost of manufacture would therefore not affect Central revenues.

Provision opium is sold to consuming Governments on rupee contracts Where the selling price cannot be altered during the currency of the contract, the net profit of Government would be affected by the increased cost of cultivation and manufacture, but, as the revenue under this head is already decreasing in pursuance of the policy of Government in regard to exports of opium, no further reduction in receipts has here been taken into account.

Medicinal opium is sold in London at sterling prices. The effect of the alteration in the ratio is not appreciable.

(*c*) *Taxes on Income.*—The effect on Taxes on Income is problematical. As the taxes, collected in 1927-28, will be assessed on the basis of the current year's profits, there will be no immediate effect on the revenue, but the general dislocation of trade, which would assuredly follow from a sudden fall to

1*s.* 4*d.*, would make it difficult to collect a certain proportion of the taxes. No reliable estimate can be framed of this loss in revenue but it would be appreciable.

As regards the future, it is probable that a period of rising prices would afford a temporary stimulus to certain industrial concerns. Profits would increase at first and with them the yield of these taxes, but any gain from this source would be more than counterbalanced by losses resulting from the serious disturbance of general trade which would follow from the sudden reversion to the 1*s.* 4*d.* ratio. When complete adjustment has taken place, it may safely be assumed that no material change, attributable solely to the lower exchange, could be traced in this source of revenue.

(*d*) *Customs.*—As regards Customs duty, a statement is appended which gives, under the various categories, the expert views of the Central Board of Revenue. They estimate the immediate effect as a net loss of Rs. 1,26 lakhs in 1927-28. With the sudden rise in prices of imported goods and with the general dislocation of trade, a definite set-back would be imparted to the import trade in the first year or two which would be partly counterbalanced by increased duty on articles assessed *ad valorem.* There are many factors to be taken into account, but it is certain that there would be an immediate and considerable loss in Customs revenues which may be, for present purposes, assessed, on the most optimistic considerations, at not less than one crore of rupees. This loss would gradually disappear as adjustment to the new ratio was effected and as trade settled down after the initial disturbance and probably a definite increase of revenue could be expected from *ad valorem* duties after the revival of the import trade.

5. The general conclusions are that the finances of Government would suffer to the following extent on the basis of present scales of expenditure and revenue —

(In crores.)

	1927-28	After adjustment.
Sterling transactions	3·14	3·14
Rupee purchases	1·12	1·87
Loss in revenue	1	...
	5·26	5·01

The estimate for the period after adjustment to the new conditions of exchange makes no allowance for the increased revenue from Customs duties charged *ad valorem*, which may fairly be estimated at Rs. 1½ to Rs. 2 crores in the circumstances described in the last paragraph of the note by the Central Board of Revenue.

On the other hand, the estimate takes no account of any increase in establishment charges or in the cost of railway and other transport. Under the former head an allowance of even half the reduction in real wages, which would follow from the reversion to 1*s.* 4*d.*, would involve extra expenditure

of over Rs. 2 crores, while increased railway rates would involve at least Rs. 30 lakhs more. Nor again has any account been taken of the effect on the rates at which Government will borrow in the future, of a widespread dislocation of the money market and of the serious damage to the credit of the Government, both in India and abroad, which would undoubtedly ensue from a forced and unnatural depression of the exchange value of the rupee.

6. There is a further result which should not be overlooked. The sterling debt of India (excluding Railway debt) amounts to £339 million. The additional amount of rupees required to redeem this debt on a basis of 1*s.* 4*d.* would be no less than 56½ crores.

A. F. L. BRAYNE.

The 28th February 1927.

Statement by the Central Board of Revenue on the probable effect on Customs Revenues of an alteration in the exchange value of the rupee from 1s. 6d. to 1s. 4d. gold.

(Where not otherwise stated, all figures represent lakhs.)

The final estimates for 1927-28 calculated on the basis of 1*s.* 6*d.* to the rupee are as follows :—

Import duties	41,89
Export duties	5,22
Miscellaneous	2,49
	49,60

IMPORT DUTIES.

2. Import duties may be divided into the following three groups against each of which the estimated revenue thereunder is shown :—

(*a*) Specific duties	16,89
(*b*) *Ad valorem* duties levied on tariff valuations	5,23
(*c*) *Ad valorem* duties levied on real value	19,77
	41,89

3. The effect on the selling price in India of a rise in the landed cost of goods liable to specific duties must depend to some extent on the amount of the duty. The selling price is made up of the landed cost, *plus* the importer's expenses and profit, *plus* the duty. The effect of any increase in the first of these three items on the selling price, and thereby on the demand, will be greater with a low duty than with a high duty. The average incidence of our specific duties is about 38 per cent. on the landed cost, so that, allowing another 20 per cent. for expenses and profit, the increase in the selling price will be approximately 3 per cent. A reduction of demand by 6 per cent. may therefore be expected, involving a loss of approximately one crore.

4. For goods liable to *ad valorem* duties assessable on tariff valuations somewhat similar considerations will apply. These valuations are fixed

annually by notification, and ordinarily have effect from the first of January to the 31st of the following December. They are fixed, after discussion with the trade, primarily on the basis of the average prices ruling during the preceding year. It is, however, usual to take into consideration any very marked tendency of prices, whether upwards or downwards, at the close of the year if there is reason to believe that such tendency is not of a temporary nature. The Government of India have the power to alter these valuations at any time; and they have used this power occasionally to reduce a valuation during the interval between the annual revisions, when they have had reason to believe that it was based on erroneous calculations or, for other reasons. But it is many years since the power was employed to increase valuations at any other time than that of the annual general revision. The trades concerned have accepted with equanimity the present system under which a valuation in excess of market rates in one year is balanced by a correspondingly low valuation in another, and to enforce a general revision from the first of April on account of a fall of the exchange value of the rupee would cause considerable disturbance and opposition.

5. Assuming, then, that the tariff valuations will not be generally revised before the first of January, 1928, there will be 9 months during which duty will be collected on the valuations already in force. The duties in this class are at rates varying from 7½ to 30 per cent. the average being about 17 per cent. The rise in selling price is likely to be nearly 9 per cent. and the loss for nine months approximately 5 per cent. of the total for the year, that is 26 lakhs. For the remainder of the year, when higher valuations are in force, selling prices, with the higher incidence of duty, will be increased by 11 per cent. over the present figures. For this period there will be roughly a fall of 8½ per cent. on the value of the trade and a gain of 12½ per cent. on the duty, a net gain at the rate of 4 per cent. per annum, or say, 1 per cent. of the total for the year, that is 5 lakhs. Thus, on this class of duties we may expect a loss of 21 lakhs.

6. The third class of duties, those levied at *ad valorem* rates on the real value, apply to certain trades which are particularly sensitive to fluctuations in price. Prominent among these are the piece-goods and motor trades. The yield from cotton piece-goods has been estimated at 700 lakhs. A rise of 12½ per cent. in landed cost is equivalent in effect to an increase in the duty from 11 to 24⅞ths per cent. It would be unsafe to assume any very large fall in shippers' prices, but assuming that the manufacturer reduced his price by 2½ per cent., imports are likely to decrease, involving a drop of not less than 10 per cent. in value. The resulting loss would be 70 lakhs.

7. Motor-cars are assessed on their landed cost, and as between different makes of car selling in India at the same price, there is a very wide variation, amounting in some cases to as much as 80 per cent. in the landed cost. This results from the very low prices at which cars can be landed in India from countries with depreciated currencies. One effect of a fall in the rupee would be the replacement of cars whose landed cost is relatively high and which yield a high duty compared with their selling price, by cars which contribute relatively little to our revenue. This transfer of demand, would operate to reduce the revenue quite apart from the general depressing effect of increased prices on the trade. It may further be observed that the Budget includes proposals to reduce the

duty on cars from 30 to 20 per cent, but if this reduction is combined with an increase of 12½ per cent. in cost, it will be converted into the equivalent of an increase in the duty from 30 to 35 per cent. It would not be safe to assume a smaller loss than 20 per cent. or 21 lakhs.

8. Other *ad valorem* duties contribute 11,69 lakhs. Higher values will mean higher duties, but a smaller volume of imports. Assigning a higher relative importance to the first of these factors, a net gain of 3 per cent. or 35 lakhs may be assumed.

Export Duties.

9. The duty on skins is an *ad valorem* duty leviable on a tariff valuation. Again, assuming that this will not be changed before the end of the calendar year, the trade should derive a stimulus from the fall in the rupee, and it may be assumed that for 9 months the revenue will increase by 12½ per cent. and for the remaining 3 months by 25 per cent., a total increase of 3 lakhs.

10. The duties on jute are specific and the volume of trade is very little affected by fluctuations in price. It is unlikely that exports would increase to the extent of more than 5 per cent. as a result of the fall in the rupee. On this basis, the gain would be 19 lakhs.

11. The duty on rice is also specific, and as export rice is to some extent in competition with rice from French Indo-China and elsewhere, an increase of 20 per cent. may be taken, giving a further gain of 24 lakhs.

Miscellaneous.

12. The principal items under this head are the excise duties on motor spirit, 1,00, and kerosene, 1,10. The depression of the motor trade may be expected to cause a loss of 5 lakhs on motor spirit, but the kerosene duty should increase by 10 lakhs as a result in the fall in the imports of foreign kerosene, a net gain of 5 lakhs.

Other items under this head are not likely to be affected seriously.

13. *Refunds* of import duty should decrease, but export refunds are likely to increase and, on the balance, this item of the expenditure Budget should not be affected.

Summary.

14. The effect on the gross revenue may be summarised as follows: —

	Gains.	Losses.
Paragraph 3	...	1,00
„ 5	5	26
„ 6	...	70
„ 7	...	21
„ 8	35	...
„ 9	3	...
„ 10	19	...
„ 11	24	...
„ 12	10	5
	96	2,22

A net loss of 1,26 lakhs in 1927-28.

15. For the year 1928-29, the net loss of 21 lakhs referred to in paragraph 5 would be converted into a gain of 20 lakhs, and the total net loss would be reduced to 85 lakhs. Thereafter, as conditions gradually adjusted themselves, the loss would be reduced progressively and any attempt to forecast the ultimate effect on the revenues must be largely guess-work. So many factors beside price-variations have affected the course of trade in the past that it is very difficult to isolate the effect of any particular factor, but it may, perhaps, be instructive to compare trade in 1913-14 with trade in 1925-26. Imports have increased in value from 183 to 226 crores and exports from 249 to 385 crores. Assuming a rise in the level of prices of only 50 per cent., it will be seen that whereas the volume of exports has remained at about the same figure, the volume of imports has fallen by about 20 per cent. It may fairly be inferred that the recovery of the import trade from a permanent increase in prices, whether it be a direct price-variation, or the indirect result of high duties or an alteration in exchange, is a slow process. In any case, the effect on specific duties will always operate to set off a part at least of what may be gained by the levy of *ad valorem* duties on higher priced goods.

G. S. HARDY,—25-2-27.

A. R. L. TOTTENHAM,—25-2-27.

APPENDIX II.

Statement showing the Gross Expenditure of the Central Government as in the Budget Estimates for 1926-27 and 1927-28 as presented to the Legislature, divided between voted and non-voted.

[In lakhs of rupees.]

	1926-27.				1927-28.			
	Voted.	Non-voted.	Total.	Percentage of voted to total.	Voted.	Non-voted.	Total.	Percentage of voted to total.
Expenditure charged to revenue.	97,79·22	1,14,58·93	2,12,38·15 (a)	46	93,43·65	1,12,01·01	2,05,44·66 (a)	45
Expenditure not charged to revenue.	28,20 66	3,85·88	32,06·54	88	26,93·23	3,58·94	30,52·17	88
Total Expenditure both charged and not charged to revenue.	1,25,99·88	1,18,44·81	2,44,44·69	52	1,20,36·88	1,15,59·95	2,35,96·83	51

(a) These figures have been arrived at as follows:—

	1926-27.	1927-28.
Expenditure as per Budget Statement	1,30,37·65	1,25,25·76
Add—Working expenses of—		
(a) Railway Department	68,31·00	66,94·25
(b) Posts and Telegraphs	10,53·17	10,58·38
(c) Irrigation	12·02	10·53
Add—Refunds (including Posts and Telegraphs refunds)	2,54·31	2,55·74
	2,12,38·15	2,05,44·66

APPENDIX III.

Memorandum on the Military Estimates for 1927-28.

The report of the Army Accounts Committee to which allusion was made in last year's Memorandum has since been received and considered by the Government of India. They have now decided with the approval of the Secretary of State, to revert from 1st April 1927 to a system of estimates and accounts, including appropriation accounts, which will deal solely with the actual cash grants allotted and spent for the maintenance of the Army. With these main accounts will be published three subsidiary accounts; the first will be the store accounts of supplying depôts showing the value of receipts of stores from all sources, issues to the various arms and departments of the service and of the balances, the second will be the maintenance accounts of the various arms and departments of the service and the third will be accounts on commercial lines for factories and other manufacturing concerns. The Military Engineer Services will not take credit nor will Army be charged in the main cash accounts for free supplies of electricity, water and ice to Army units and formations. Travelling allowances, rail and other transportation charges, expenditure on conservancy, antimalarial measures and hot weather establishments will, in future, be taken to single heads in which their distribution under the several arms and services will be made. The Royal Air Force will still have a Block vote. The volume of the detailed estimates placed before the House takes into account all the alterations necessitated by these changes. The form also provides, as in the case of Demands for Grants, in their order, for the actuals of the previous year, the Original and Revised Budgets of the current year and the Budget for the ensuing year. The details of the considerable revision in the heads of classification have only recently been settled and the reduction of the form to Octavo size has, therefore, to be postponed to next year; nor can the actuals for 1925-26, and the Budget and Revised Estimates for 1926-27 be exhibited in the volume under the new minor heads. Explanations have been given in the detailed estimates against the various heads which show the nature of the services performed by the units and formations.

2. Since 1921-22 substantial reductions have been effected in the expenditure on the Military services. The actual net expenditure as shewn in the final accounts or as estimated, where the accounts are not yet closed, is indicated in the following statement:—

	Rs. (Crores.)
1921-22	69·81
1922-23	65·27
1923-24	56·23
1924-25	55·63
1925-26	56·00
1926-27 (Budget Estimate)	54·88
1926-27 (Revised Estimate)	55·55
1927-28 (Budget Estimate)	54·92

In the first of the years shown above, expenditure was swollen by abnormal charges of Rs. 6½ crores on operations on the North-West Frontier and the occupation of Waziristan. The Indian Retrenchment Committee, after their exhaustive examination of every aspect of military administration, recommended that the net budget for 1923-24 should be fixed at Rs. 57¾ crores, subject to such addition as would be necessary on account of the delay which must necessarily ensue in carrying out the proposed changes, and in order to meet special expenditure in Waziristan, etc. In their final review of Military expenditure, they envisaged further large automatic savings and they considered that, in subsequent years, expenditure would be susceptible of reduction to Rs. 57 crores and ultimately to Rs. 50 crores provided a further fall in prices took place. The actual expenditure in the year 1923-24 amounted to Rs. 56·23 crores, largely due to the rapidity with which retrenchments were effected under the orders of His Excellency the Commander-in-Chief; and the first stage of Rs. 57 crores mentioned by the Retrenchment Committee was thus passed in the first year.

3. The figure of 56·23 crores included heavy expenditure on gratuities to demobilised officers and in Waziristan, but these abnormal items were counterbalanced by credits from the proceeds of sale and utilisation of surplus stores. The Budget for the year 1923-24 allotted a net sum of 62 crores for Military services. This was reduced in the Budget for 1924-25 to 60¼ crores, but by the time when the Budget for 1925-26 was under consideration, the actual effect of the retrenchment operations, which it had been difficult to gauge in advance, had become apparent, and it was possible to reduce the budget provision for 1925-26 to 56·25 crores net. Further reductions have been made in the Budgets for 1926-27 and 1927-28. The following table brings out the results achieved from 1921-22 at a glance :—

Net expenditure on Military services.

(In crores of Rs.)

	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27	1927-28.
Budget Estimate . .	66·82	67·75	62·00	60·25	56·25	54·88	54·92
Revised Estimate . .	69·35	67·09	59·74	56·33	56·28	55·55	...
Actual expenditure . .	69·81	65·27	56·23	55·63	56·00	...	...

4. These figures include certain disturbing items, both on the credit and debit side, and it is therefore of special interest to compare the true figures of established charges, that is, the normal cost after elimination of special charges, such as those for demobilisation of surplus officers and special credits for the eating down of surplus stores. In comparing these figures with the figures given by the Retrenchment Committee, it should be borne in mind that certain charges amounting in 1927-28 to Rs. 44 lakhs, of which the most important are the charges for customs duty on imported stores and the cost of stationery and printing, have been added to the Military estimates since 1923-24, as the result of new decisions regarding classification.

5. The following table indicates the composition of the expenditure on the military services, distinguishing between charges which represent the normal cost of maintenance and those which are of an abnormal and disappearing character.

(In crores of rupees.)

	Actuals, 1923-24.	Actuals, 1924-25.	Actuals, 1925-26.	Budget, 1926-27.	Revised, 1926-27.	Budget, 1927-28.
(1) Established charges	56·68	55·83	55·15	54·24	54·89	55·25
(2) Payments to demobilised officers	1·18	·78	1·74	·66	·68	·02
(3) Special expenditure in Waziristan and for the Royal Air Force	2·16	·51	·43	23	·23	·15
(4) Adjustment for consumption of surplus stores	—3·00	—1·10	—·70	—·25	—·25	—·50
(5) Special non-recurring credits	—·79	—·39	—·62	...	...	...
Total	56·23	55·63	56·00	54·88	55·55	54·92

In each year, the figure for established charges is well below the Retrenchment Committee's figure of Rs. 57 crores. It will be realised that, with the heavy commitments for expenditure in England which are provided for in the Military estimates, a considerable part of the reduction below Rs. 57 crores is attributable to the present favourable rates of exchange, but this advantage has been neutralised by certain additions to the Military Budget of which the Retrenchment Committee did not take cognisance, *i.e.*, the provision of about half-a-crore of rupees for the revision of pay and grant of free passages to officers of the Army, and the transfer to Military estimates from the civil estimates of certain expenditure more properly accounted for under the former. The transfers which are taken into account in the Budget of 1927-28 are as follows :—

(Thousands of rupees.)

(1) Payments to Telegraph Department for care of Army stores	30
(2) Customs Duty	32,25
(3) Printing and Stationery	13,00
(4) Payments from the Compassionate Fund to personnel employed in the Military Department	9
	45,64

On the other hand, the following items have been transferred from the military to the civil estimates :—

(1) Establishment of the Deputy Financial Adviser, Royal Air Force	43
(2) Establishment of the Budget Section, Military Finance	42
(3) Charges for the Nepal Escort	49
(4) Charges for the Perim Light House and the Coal Depots at Basidu and Bushire	24
	1,58

The net debit to the Military estimates by these interchanges is Rs. 44 lakhs.

6. Army—

	Rs. (Crores.)
1925-26, Accounts	52·09
1926-27, Budget	51·12
1926-27, Revised Estimate	51·67
1927-28, Budget	50·44

7. The accounts for 1925-26 included large charges for demobilization of surplus officers.

8. Revised Estimate exceeds the original Budget for 1926-27 by 55 lakhs. Serious shortages in ordnance equipment had been disclosed and as the result of an expert enquiry instituted by H. E. the Commander-in-Chief into the whole question of stocks and requirements of Ordnance equipment, it has become necessary to increase the provision for purchase, manufacture and repair of equipment, rifles and other stores, by about 70 lakhs in 1926-27.

There is also a non-recurring charge. The families of British soldiers in India who reside in the United Kingdom receive from the State what are known as allotments and marriage allowances, and recoveries are made weekly and monthly from the soldier's pay in India towards the payments. The payments are made in England through their paymasters by the War Office to whom refunds are subsequently made by the India Office and the recoveries in India are treated as reduction of Army Expenditure. In accordance with arrangements made in 1922 the refund to the War Office in each financial year hitherto covered the payments by them to the families for 12 months from October of the previous year to September of the current year. The War Office recently requested that current monthly advances should be made to them against the deductions from the pay of men in India. This request has been agreed to on the understanding that the advances are promptly adjusted by submission of claims in the usual way. Provision of about Rs. 24 lakhs is, therefore, made to meet the charge for an additional half year in 1926-27. Of the other variations, the most important are an excess expenditure of Rs. 10 lakhs for rise in prices of forage articles and increases of Rs. 6 lakhs for cost of sea transport and packet passages and of Rs. 2 lakhs in payments to demobilised officers. The principal savings are Rs. 28 lakhs in pension and non-effective charges, Rs. 9 lakhs in rail and travelling charges, Rs. 12 lakhs due to shortages in establishments, and Rs. 9 lakhs due to smaller charges for free issues of water, ice and electricity by the Military Engineer Services.

9. Budget, 1927-28, includes only about Rs. 2 lakhs for residual payments of gratuities to demobilised officers against Rs. 66 lakhs in the original Budget for 1926-27. Additional provision of about Rs. 80 lakhs for purchase and manufacture of ordnance equipment and other stores has been made. The Royal Air Force gets Rs. 6 lakhs more than in 1926-27 for its expansion. An excess of about 27 lakhs occurs under charges of sea transport and of packet passages between India and the United Kingdom. Rs. 3 lakhs have been provided for pay, etc., of British soldiers for an extra

day in 1927-28. On the other hand, there is a saving of Rs. 52 lakhs, as charges for issues of electricity, water and ice by the Military Engineer Services to Army units and formations will not be debited to Army from April 1927. A reduction of Rs. 17 lakhs will occur in pension charges, Rs. 18 lakhs less will be spent in rail and travelling charges and Rs. 13 lakhs less in pay charges of British officers and soldiers. There are other variations, such as revision of pay of Royal Army Medical Corps officers and smaller shortage of British troops and some minor reorganisations and reductions of establishments. The figure of Rs. 54·92 crores includes Rs. 50 lakhs for expenditure on new urgent measures. Charges and receipts under the various heads for Aden have been eliminated and provision has been made for payment of a contribution of £250,000 to His Majesty's Government.

10. The totals of the demands as presented by the Military authorities and modified by the Finance Department were found to be in excess of the figure provisionally fixed by the Government of India for the Military Budget. Owing to the change in the system of estimating there was unavoidable delay in the submission of detailed estimates, and the alterations in classification made it difficult to compare these estimates with those of previous years. Consequently the excess did not become apparent until the preparation of the Budget had reached a stage when it was too late to make reductions under detailed heads. His Excellency the Commander-in-Chief has agreed to effect reductions of expenditure up to a figure of Rs. 40 lakhs, which will be distributed later under the detailed heads, and the Finance Department have also taken a lump cut of Rs. 40 lakhs for probable under-spending. The Finance Department cut includes Rs. 15 lakhs on account of an estimated "lag" of expenditure in giving effect to the new measures referred to in the preceding paragraph.

11. Marine—

	Rs. (Lakhs.)
1925-26, Accounts	52·6
1926-27, Budget	60·9
1926-27, Revised Estimate	54·2
1927-28, Budget	68·0

Provision has been made on the basis of the existing organisation with an addition for the extra cost of the Royal Indian Navy. Capital developments under the proposed reorganisation will be met from the sale-proceeds of the Kidderpore Dockyard at present retained in a suspense account for this purpose.

12. Military Engineer Services—

	Rs. (Crores.)
1925-26, Accounts	3·38
1926-27, Budget	3·15
1926-27, Revised Estimate	3·33
1927-28, Budget	3·80

The provision for 1927-28 includes an additional Rs. 20 lakhs mainly for acceleration of the programme of building and electrification of lines for Indian and British troops. The remainder of the increase as compared with 1926-27 is due mainly to the change in accounting from April 1927

under which Military Engineer Services will not take credit for issues of electricity, water and ice to Army units and formations.

13. Statements are appended to this Memorandum which give actual and estimated gross and net expenditure figures from 1923-24 under Army, Marine, Military Engineer Services and also the totals. The figures for Army from 1923-24 to 1926-27 cannot be classified under the new heads to be adopted from 1927-28.

14. If Honourable Members desire any further information on the details of the Military Budget, they are invited to obtain it by personal request to the Financial Adviser, Military Finance.

A. MACLEOD,

Officiating Financial Adviser, Military Finance.

The 31st March 1927.

ARMY.

	Actuals, 1923-24.	Actuals, 1924-25.	Actuals, 1925-26.	1926-27. Budget.	1926-27. Revised.	Budget, 1927-28.
EXPENDITURE.						
India—	R	R	R	R	R	R
Part A.—Standing Army.						
Effective Services.						
Maintenance of the Standing Army						17,03,98,930
Administrative services						6,52,39,000
Manufacturing establishments						3,19,27,610
Army Headquarters, Staff of Commands, etc.						2,02,36,020
Purchase and sale of stores, equipment and animals						4,38,38,030
Special Services						65,800
Transportation, conservancy, anti-malarial measures, hot weather establishments and miscellaneous						2,69,36,550
Unadjusted Expenditure						...
Lump cut for probable under-spending						—80,00,000
TOTAL—*EFFECTIVE* R						35,03,43,000
Non-Effective Services.						
Non-effective charges R						4,71,97,000
Part B.—Auxiliary and Territorial Forces—Effective R						86,10,000
Part C.—Royal Air Force { Effective R						1,35,57,000
Part C.—Royal Air Force { Non-Effective R						52,000
R						1,36,09,000
TOTAL INDIA. { Effective R	40,51,41,099	39,73,36,326	41,17,74,810	39,83,60,000	40,61,95,000	37,28,09,000
TOTAL INDIA. { Non-Effective R	5,74,75,019	5,10,79,766	4,55,64,772	4,86,98,000	4,66,84,000	4,72,49,000
	46,26,16,118	44,84,16,092	45,73,39,582	44,70,58,000	45,28,79,000	42,00,58,000
	£	£	£	£	£	£
EXPENDITURE.						
England—						
Part A.—Standing Army.						
Effective Services.						
Maintenance of the Standing Army						2,792,300
Administrative services						404,700
Manufacturing establishments						743,900
Army Headquarters, Staff of Commands, etc.						70,000
Purchase and sale of stores, equipment and animals						779,000
Carried over { £						4,789,900
Carried over { R	46,26,16,118	44,84,16,092	45,73,39,582	44,70,58,000	45,28,79,000	42,00,58,000

ARMY—*contd.*

		Actuals, 1923-24.	Actuals, 1924-25.	Actuals, 1925-26.	1926-27. Budget.	1926-27. Revised.	Budget, 1927-28.
Brought forward	R	46,26,16,118	44,84,16,092	45,73,39,582	44,70,58,000	45,28,79,000	42,00,58,000
	£						4,789,900
Special Services	£						16,000
Transportation, conservancy, anti-malarial measures, hot weather establishments and miscellaneous	£						669,000
TOTAL—*EFFECTIVE*	£						5,474,900
Non-Effective Services.							
Non-effective charges	£						3,573,900
Part C.—Royal Air Force—Effective	£						479,500
Non-Effective	£						15,000
TOTAL, PART C							494,500
	£	9,684,143	9,823,999	9,704,375	9,402,600	9,748,400	9,543,300
TOTAL ENGLAND—Effective	R	6,03,71,596	6,13,81,504	6,58,13,052	5,82,45,000	6,20,37,000	5,95,44,000
TOTAL ENGLAND—Non-Effective	R	3,64,69,838	3,68,58,484	3,12,29,714	3,57,81,000	3,54,47,000	3,58,89,000
	R	9,68,41,434	9,82,39,988	9,70,42,766	9,40,26,000	9,74,84,000	9,54,33,000
TOTAL EXPENDITURE—Effective	R	46,55,12,695	45,87,17,830	47,75,87,862	45,66,05,000	46,82,32,000	43,23,53,000
TOTAL EXPENDITURE—Non-Effective	R	9,39,44,857	8,79,38,250	7,67,94,486	8,44,79,000	8,21,31,000	8,31,38,000
	R	55,94,57,552	54,66,56,080	55,43,82,348	54,10,84,000	55,03,63,000	51,54,91,000
REVENUE.							
India—Effective	R	3,07,32,065	2,91,85,681	2,86,15,581	2,46,07,000	2,85,48,000	64,59,000
India—Non-Effective	R	20,91,011	19,99,085	15,73,770	14,07,000	13,84,000	15,52,000
India—TOTAL	R	3,28,23,076	3,11,84,766	3,01,89,351	2,60,14,000	2,99,32,000	80,41,000
England	£	480,022	473,291	330,655	390,200	368,800	301,500
Effective	R	36,00,935	36,41,413	26,55,816	27,99,000	25,85,000	18,96,000
Non-Effective	R	11,99,288	10,91,490	6,50,731	11,03,000	11,03,000	11,19,000
TOTAL	R	48,00,223	47,32,902	33,06,547	39,02,000	36,88,000	30,15,000
TOTAL REVENUE—Effective	R	3,43,33,000	3,28,27,093	3,12,71,397	2,74,06,000	3,11,33,000	83,35,000
TOTAL REVENUE—Non-Effective	R	32,90,299	30,90,575	22,24,501	25,10,000	24,87,000	26,71,000
TOTAL REVENUE—TOTAL	R	3,76,23,299	3,59,17,668	3,34,95,898	2,99,16,000	3,36,20,000	1,10,56,000
NET EXPENDITURE—India	R	42,97,93,042	41,72,31,326	42,71,50,231	42,10,44,000	42,29,47,000	41,20,17,000
NET EXPENDITURE—England	R	9,20,41,211	9,35,07,086	9,37,36,219	9,01,24,000	9,37,96,000	9,24,18,000
Effective	R	43,11,79,695	42,58,90,737	44,63,16,465	42,91,99,000	43,70,99,000	42,39,68,000
Non-Effective	R	9,06,54,558	8,48,47,675	7,45,69,985	8,19,69,000	7,96,44,000	8,04,67,000
TOTAL	R	52,18,34,253	51,07,38,412	52,08,86,450	51,11,68,000	51,67,43,000	50,44,35,000

MARINE.

		Actuals, 1923-24.	Actuals, 1924-25.	Actuals, 1925-26.	1926-27 Budget.	1926-27 Revised.	Budget, 1927-28.
EXPENDITURE.							
India	R	71,46,317	52,18,321	48,60,991	56,62,000	48,28,000	57,56,000
England	£	250,811	219,240	186,903	221,800	196,000	230,400
	R	25,08,108	21,92,396	18,69,037	22,18,000	19,60,000	23,04,000
Total Expenditure	R	96,54,425	74,10,717	67,30,028	78,80,000	67,88,000	80,60,000
REVENUE.							
India	R	24,73,367	11,12,931	14,74,245	17,87,000	13,71,000	12,60,000
England	£	...	...	...	...	...	...
	R	...	...	...	...	...	...
Total Revenue	R	24,73,367	11,12,931	14,74,245	17,87,000	13,71,000	12,60,000
NET EXPENDITURE. India	R	46,72,950	41,05,390	33,86,746	38,75,000	34,57,000	44,96,000
NET EXPENDITURE. England	R	25,08,108	21,92,396	18,69,037	22,18,000	19,60,000	23,04,000
NET EXPENDITURE. Total	R	71,81,058	62,97,786	52,55,783	60,93,000	54,17,000	68,00,000

MILITARY ENGINEER SERVICES.

		Actuals, 1923-24.	Actuals, 1924-25.	Actuals, 1925-26.	1926-27 Budget.	1926-27 Revised.	Budget, 1927-28.
EXPENDITURE.							
India	R	4,05,97,369	4,20,54,793	4,24,84,017	4,25,98,000	4,44,72,000	4,33,73,000
England	£	72,242	53,028	34,066	21,700	40,000	32,500
	R	7,22,414	5,30,287	3,40,652	2,17,000	4,00,000	3,25,000
TOTAL	R	4,13,19,783	4,25,85,080	4,28,24,669	4,28,15,000	4,48,72,000	4,36,98,000
REVENUE.							
India	R	80,59,731	32,81,060	89,81,248	1,12,76,000	1,15,32,000	57,33,000
NET EXPENDITURE. India	R	3,25,37,638	3,87,73,733	3,35,02,769	3,13,22,000	3,29,40,000	3,76,40,000
NET EXPENDITURE. England	R	7,22,414	5,30,287	3,40,652	2,17,000	4,00,000	3,25,000
NET EXPENDITURE. TOTAL	R	3,32,60,052	3,93,04,020	3,38,43,421	3,15,39,000	3,33,40,000	3,79,65,000

TOTAL MILITARY SERVICES: SUMMARY

		Actuals, 1923-24.	Actuals, 1924-25.	Actuals, 1925-26.	1926-27 Budget.	1926-27 Revised.	Budget, 1927-28.
EXPENDITURE.							
India	R	51,03,59,804	49,56,89,206	50,46,84,590	49,53,15,000	50,21,79,000	46,91,87,000
England	£	10,607,196	10,096,207	9,925,244	9,646,100	9,984,400	9,806,200
	R	80,00,71,956	10,00,62,671	9,92,52,455	9,64,61,000	9,98,44,000	9,80,62,000
Total Expenditure	R	131,04,31,760	59,66,51,877	60,39,37,045	59,17,76,000	60,20,23,000	56,72,49,000
REVENUE.							
India	R	4,33,56,174	3,55,78,757	4,08,44,814	3,90,77,000	4,28,35,000	1,50,34,000
England	£	480,022	473,391	330,655	390,200	368,800	301,500
	R	48,00,323	47,32,002	33,06,547	39,02,000	36,88,000	30,15,000
Total Receipts	R	4,81,56,497	4,03,11,659	4,39,51,391	4,29,79,000	4,65,23,000	1,80,49,000
NET EXPENDITURE. India	R	46,70,03,630	46,01,10,449	45,40,39,746	45,62,41,000	45,93,44,000	45,41,53,000
NET EXPENDITURE. England	R	9,52,71,733	9,62,29,769	9,59,45,908	9,25,59,000	9,61,56,000	9,50,47,000
NET EXPENDITURE. Total	R	56,22,75,363	55,63,40,218	55,99,85,654	54,88,00,000	55,55,00,000	54,92,00,000

APPENDIX IV.

PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PREFATORY NOTE.

I.—Scope of pro formâ *account.*

The following *pro formâ* account, with its supporting statements, exhibits the expenditure, initial and annual, on Delhi and the Delhi Province and also any receipts and savings which form a direct set-off to that expenditure. The account has been prepared in consultation with the Auditor General and carries his approval as regards both its form and its substantial completeness at the present date subject to the qualifications implied in the following prefatory remarks; it will be added to, or amplified later, if experience should show this to be necessary.

2. The main item of the account, as regards non-recurring expenditure, is the Delhi project proper, the figures for which appear against item 1 of Part I.—*Initial Outlay.* The principal recurring charge is that representing the expenditure in the new province, which appears as item 1 of Part II—*Annual Expenditure.*

3. The account necessarily exhibits any expenditure occurring under the named heads, without qualification on account of contributory causes. It must, therefore, be clearly understood that the increase of expenditure, including that in the Delhi Province, is not wholly due to the change of Capital. Thus, an increase of the garrison at Delhi on strategic grounds had been already independently and strongly recommended to the Government of India by the Chief of the General Staff and endorsed by His Excellency the Commander-in-Chief in July 1911, before the transfer of the Capital had been officially proposed, and the construction of the accommodation of the troops already there had long been recognised as pressing. Similarly the recent advance in the policy relating to education and sanitation, particularly the latter, would, under any circumstances, have involved increased expenditure in the city. For practical purposes, these considerations must be ignored in the figured statements, as well as various similar points of minor pecuniary significance. The same principle will be applied to the Railway expenditure, *i.e.*, the cost of any remodelling of the railway system which is connected with the constitution of the new Capital will be exhibited in full in the *pro formâ* account. A wholly independent railway requirement, such as the permanent marshalling yard which will eventually replace the temporary yard now in use, will not be shown.

II.—Relation between the pro formâ *account and the regular accounts.*

4. A brief explanation is added below connecting the various items in the *pro formâ* account with the entries in the published accounts and estimates. Some further explanations are also to be found in the account itself and in its supporting statements.

Item 1 of Part I of *pro formâ* account.

5. The capital expenditure directly incurred on the construction of the new Imperial Capital at Delhi is shown in the regular accounts under the special head "57—Initial Expenditure on the new Capital at Delhi." The only other item of expenditure which will be recorded in the capital section of the regular accounts is that arising from diversions or re-arrangements of the railway system, which will appear under the head "53—State Railways."

Item 3(*b*), *ibid.*

6. The initial expenditure incurred during the years 1911-12 and 1912-13 in connection with the provision of temporary accommodation for the Government of India at Delhi, pending the construction of the new Capital, has been treated, on the advice of the Auditor General, as a revenue charge, under a special minor head styled "Temporary Delhi" subordinate to the major head "41—Civil Works". Any non-recurring receipts which may eventually be obtained in connection with these temporary works, *e.g.*, from the sale of lands and buildings when no longer required by the Government of India, will be similarly credited under a special head subordinate to the major head "XXX—Civil Works".

Item 2, *ibid.*

Item II, *ibid.*

Items 1 and I of Part II of *pro formâ* account.

7. The remaining expenditure is mainly brought to account in one of two ways: either, first, as expenditure of the new Province; or secondly, as departmental expenditure chargeable to the Department in which it is incurred.

8. The expenditure and receipts appertaining to the *quasi*-provincial administration of the Imperial area are brought to account in the same way as in the case of other minor administrations. It will be noted that any grants which may be specially given from Imperial revenues in aid of the Delhi Municipality or other local funds will be brought into the regular accounts and consequently, into the *pro formâ* account also, since they will appear as charges of the Delhi administration.

Items 3 (*a*) and III of Part I of *pro formâ* account.

9. Expenditure which does not appertain to provincial administration is recorded, as in the case of other provinces, under its appropriate departmental head in the regular accounts. Thus expenditure on the land and buildings required for the new Cantonment, and any corresponding receipts, appear under the Army and Military Works heads respectively, under both of which a special Delhi sub-head has been opened. Railway capital outlay has already been referred to. Railway revenue charges and receipts similarly come under the Railway account head. In these cases, the *pro formâ* account necessarily exhibits only initial expenditure and non-recurring receipts, as Military expenditure is not being permanently increased and the influence of the new Capital on the ordinary daily receipts and working expenses of the Railways cannot evidently be satisfactorily isolated. This latter consideration also applies to the case of Postal and Telegraph expenditure, which moreover represents ordinary administrative expenditure of the department, and is relatively insignificant in amount. For these reasons, in the case of this department neither the initial outlay nor the recurring receipts and expenditure have been included.

10. There are also a few items of expenditure and of actual receipt or of definite saving which are not recorded in the accounts of the Delhi Province or in the departmental accounts, but which it is necessary to take into consideration in calculating the expenditure on Delhi and the Delhi Province. Most of these are self-explanatory, but attention may be called to the intended treatment of the sale-proceeds of vacated lands and buildings at Calcutta (if any) and elsewhere. These will be credited under the major heads "XXXV—Miscellaneous" and "XXX—Civil Works", and the *pro formâ* account will take credit only for actual Imperial receipts. No account will be taken, in the statements themselves, of book transactions, or of the considerable savings obtained from the vacation of rented accommodation, *i.e.*, of relief in respect of rental payments which the Local Government obtains by giving up private buildings previously leased for provincial establishments, and moving the latter into offices formerly occupied by the Government of India. Any reference made to such saving will, therefore, be found in an explanatory footnote. [See Part I, Note 5.]

Items 4 to 7 and I and IV of Part I, and Items 2 and II to IV of Part II of *pro formâ* account.

Item 1 of Part I.

11. Outlay on stores and all other expenditure incurred in England under a capital head or as a revenue charge, which can be distinguished as appertaining to the construction of Delhi or to the administration of the Delhi Province, have been included in the *pro formâ* account.

PRO FORMÂ ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART I.—INITIAL OUTLAY.

[Figures in thousands of Rupees.]

Expenditure.	Actuals to end of 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
1. DELHI PROJECT: Capital outlay on Permanent Delhi chargeable to Head "57" (for details see Statement I-A)	11,98,05	75,00	70,00
2. Temporary Delhi *	54,33	...	...
3. Initial expenditure of non-Civil Departments:—			
(*a*) Military services †	1,07,27	2,39	1,60
(*b*) Railways ‡	91,12	4,04	6,58
4. Non-recurring grant to the Punjab Government in compensation for expenditure incurred on new headquarters buildings for the Commissionership transferred from Delhi	1,36	...	...
5. Cost of withdrawal to Delhi of Imperial offices previously located at Calcutta or elsewhere	3,12	1,73	1,59
6. Special non-recurring monetary concessions to establishments of the Government of India and attached offices on the occasion of their first move to Delhi	7,95	78	80
7. Miscellaneous items §	9,51	44	48
TOTAL	14,72,71	84,38	81,05
Total expenditure to end of 1927-28		16,38,14	
Net expenditure to end of 1927-28		16,06,38	

Receipts.	Actuals to end of 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
I.—Receipts which may be obtained on account of Imperial buildings vacated by the Government of India or attached offices in consequence of the move (*a*) ‖	19,00	...	...
II.—Non-recurring receipts on account of Temporary Works	2	...	...
III.—Recoveries on account of land or buildings vacated in the old Cantonment of Delhi ‖	...	...	...
IV.—Miscellaneous items	8,46	30	3,98
TOTAL	27,48	30	3,98
Total receipts to end of 1927-28		31,76	

* NOTE 1.—The head "Temporary Delhi" has been closed from 1st April 1913, subsequent expenditure being treated as part of the expenditure of the Delhi Province—see Part II of Account.

† NOTE 2.—The expenditure included under item 3 (*a*) is that relating to the formation of the new Cantonment. Its details are as follows :—

	To end of 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
Acquisition of land	13,20	...	...
Cost of buildings	85,25	2,39	1,60
Establishment charges	6,76	...	...
Tools and plants	2,06	...	...
TOTAL	1,07,27	2,39	1,60

‡ NOTE 3.—The figures relate to charges for the acquisition of land and outlay on railway facilities at Nangal Rawa. These figures include transactions on account of Delhi New Capital Railway Work also.

§ NOTE 4.—The expenditure shown against item 7 represents mainly the proportionate cost of the Office of the Accountant General, Central Revenues, and the cost of temporary establishment employed in the Secretariats in connection with the change of Capital.

‖ NOTE 5.—These heads will record only actual receipts obtained from the sale of the vacated buildings and land. As explained in paragraph 10 of the Prefatory Note, this procedure has the effect of excluding a substantial true saving in respect of rented accommodation. Thus from 1913-14 to 1924-25 the Government of Bengal, by moving its offices into the vacated Imperial buildings in Calcutta, saved Rs. 9,52,200: partly by being enabled to dispense with private accommodation previously leased, and partly by being relieved from the necessity of renting further accommodation.

Up to 1924-25	8,97,200
1925-26	55,000
TOTAL	9,52,200

(*a*) The amount represents value of premises No. 3, Koilaghat Street sold to E. B. Railway.

PRO FORMÁ ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART II.—ANNUAL EXPENDITURE.

[Figures in thousands of Rupees.]

Expenditure.	Actuals, 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.	Receipts.	Actuals, 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
1. Expenditure of Delhi Province*	53,03	83,31	90,40	I.—Revenue of Delhi Province *	38,94	42,27	42,10
2. Miscellaneous items	73	34	38	II.—Saving under Calcutta house allowances †	38	43	56
				III.—Saving under hill journey and travelling allowances and contingencies on account of shorter move of Secretariat and attached offices ‡	2,50	2,50	2,56
Total expenditure	53,76	83,65	90,78	IV.—Miscellaneous items	3	3	3
Net expenditure	11,91	38,42	45,59	Total receipts	41,85	45,23	45,19

* NOTE 1.—The details of this item are given in Statement II-A.

† NOTE 2.—The figure shown against item II will be subject to increase as additional officers are successively transferred from Calcutta to Delhi.

‡ NOTE 3.—The figure shown against item III is a minimum figure calculated once for all on the assumption that all offices or portions of offices which previously moved between Calcutta and Simla have subsequently moved regularly between Delhi and Simla. The actual saving throughout has been large owing to certain establishments which previously moved to Calcutta being retained in Simla throughout the cold weather.

STATEMENT I-A.

Details of Capital outlay on the Delhi Project working up to the total figures shown against item 1 in Part I of *pro formâ* account.

[Figures in thousands of Rupees.]

Items.	Actuals to end of 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
A.—Salaries and allowances—			
(*a*) Preliminary Investigation—			
(i) Gazetted officers	2,04	...	...
(ii) Non-gazetted officers	14	...	...
(*b*) Public works and electrical officers employed on the Project—			
(i) Gazetted officers	85,72	7,56	5,97
(ii) Non-gazetted officers	60,20	9,19	8,41
(*c*) Miscellaneous officers (including all others employed on the Project)—			
(i) Gazetted officers	5,57	15	11
(ii) Non-gazetted officers	4,43	47	39
(*d*) Leave allowances	...	...	...
B.—Travelling allowances of officers and Establishments—			
(*a*) Preliminary Investigation—			
(i) Gazetted officers	23	...	...
(ii) Non-gazetted officers	2	...	...
(*b*) Public Works and Electrical officers employed on the Project—			
(i) Gazetted officers	7,51	80	69
(ii) Non-gazetted officers	4,38	46	43
(*c*) Miscellaneous officers including all others employed on the Project—			
(i) Gazetted officers	68	6	2
(ii) Non-gazetted officers	43	4	4
C.—Supplies, Services and Contingencies—			
(*a*) Preliminary investigation	51	...	...
(*b*) Public Works and Electrical officers employed on the Project	6,27	69	54
(*c*) Miscellaneous officers employed on the Project	45	...	...
Loss on account of Exchange	...	1	1
Total A, B and C	1,78,58	19,43	16,61
Deduct—Credits from other heads of accounts	*36,18*	*8,00*	*7,61*
Net total A, B and C carried over	1,42,40	11,43	9,00

Details of Capital outlay on the Delhi Project working up to the total figures shown against item I in Part I of *pro formâ* account—*contd.*

[Figures in thousands of Rupees.]

Items.	Actuals to end of 1925-26.	Revised Estimate, 1926-27.	Budget Estimate, 1927-28.
Brought forward Net total A, B. C.	1,42,40	11,43	9,00
D.—Works Expenditure—			
(i) Buildings—			
(*a*) Government House	80,69	14,60	27,62
(*b*) Secretariats	1,53,65	14,35	8,00
(*c*) Other buildings	2,00,35	12,28	25,84
(*d*) Legislative Chambers	55,28	23,38	15,42
(ii) Communications	27,60	99	2,44
(iii) Miscellaneous Public Improvements	14,80	3,04	4,62
(iv) Electric Light and Power	56,23	—39	2,96
(v) Irrigation	38,70	26	22
(vi) Sanitation including storm-water drains, sewage and sewerage disposal, water-supply and conservancy	1,02,72	5,56	7,07
(vii) Tools and plant	91,30	1,82	1,08
(viii) Stock and Suspense	62,08	—9,49	—26,00
(ix) Miscellaneous	89,89	47	1,38
(x) Maintenance during construction	78,85	4,50	3,43
Railway diversion	13,80	...	...
E.—Acquisition of land taken up for the Project	34,03	20	...
F.—Other Miscellaneous expenditure	6	...	...
Minus Reserve	...	—3,00	—8,08
Deduct—Receipts on Capital Account	*44,38*	*5,00*	*5,00*
TOTAL	11,98,05	75,00	70,00

STATEMENT II-A.

Revenue and Expenditure of Delhi and Delhi Province

[Figures in thousands of rupees.]

Receipts.				Expenditure.			
Major Heads of Accounts.	Actuals for 1925-26.	Revised Estimate for 1926-27.	Budget Estimate for 1927-28.	Major Heads of Accounts.	Actuals for 1925-26.	Revised Estimate for 1926-27.	Budget Estimate for 1927-28.
I.—Customs	1,55	...	...	2. Taxes on Income	42	48	50
II.—Taxes on Income	11,44	10,47	10,42	5. Land Revenue	45	58	56
IV.—Opium	11	...	...	6. Excise	3,62	3,54	3,50
V.—Land Revenue	3,95	4,11	4,11	7. Stamps	8	14	14
VI.—Excise	6,13	8,31	8,48	9. Registration	8	7	5
VII.—Stamps	7,72	8,24	8,01	15. Miscellaneous Irrigation Expenditure.	30	37	75
IX.—Registration	50	47	47	22. General Administration	3,19	3,44	3,48
XIV.—Irrigation works for which no Capital Account is kept	4	4	4	23. Audit (a)	21	23	24
XVI.—Interest	3	18	17	24. Administration of Justice	2,13	2,38	2,41
XVII.—Administration of Justice	24	38	38	25. Jails and Convict Settlements	1,24	1,38	1,43
XVIII.—Jails and Convict Settlement	28	24	21	26. Police	7,99	8,35	9,00
XIX.—Police	21	5	5	28. Ecclesiastical	26	21	22
XXI.—Education	19	33	33	29. Political	...	2	11
XXII.—Medical	11	12	12	31. Education	5,81	6,29	8,54
XXIII.—Public Health	1	...	...	32. Medical	5,08	5,46	5,60
XXVI.—Miscellaneous Departments	10	12	12	33. Public Health	66	1,71	1,70
XXX.—Civil Works	2,77	6,28	6,28	34. Agriculture	31	52	32
XXXIII.—Receipts in aid of Superannuation	39	40	40	35. Industries	10	12	12
XXXIV.—Stationery and Printing	2	3	3	37. Miscellaneous Departments	1	4	2
XXXV.—Miscellaneous	3,16	2,50	2,48	38. Currency	9	9	9
				41. Civil Works	10,96	37,08	41,34
				Civil Works—Viceregal Estates, Delhi	1,46	1,49	1,69
				44. Territorial and Political Pensions	47	55	55
				45. Superannuation Allowances and Pensions	4,09	3,05	3,14
				46. Stationery and Printing	3	2	5
				47. Miscellaneous	3,98	4,58	4,35
				60B. Commuted value of pensions	...	1,12	1,04
Total	38,94	42,27	43,10	Total	53,03	83,31	90,40

(a) Excludes proportionate cost of the office of the Accountant General, Central Revenues, Delhi, debitable to Part I.

APPENDIX V.

COMMERCIAL AND FINANCIAL STATISTICS.

TABLE I—MISCELLANEOUS.

Appen

COMMERCIAL AND

TABLE I—

Recorded revenue compared with recorded expenditure excluding Capital Expenditure on Railways, Irrigation works, Telegraphs, Vizagapatam Harbour, Security Printing, the Delhi Capital, commuted value of pensions and Currency Capital outlay not charged against Revenue—	1918-1919.	1919-1920.	1920-1921.	1921-1922.
	Rs.	Rs.	Rs.	Rs.
Surplus	...	...	...	...
Deficit	5,73,06,135	23,65,28,825	26,00,85,276	27,65,01,700
Capital Expenditure on Railways and Irrigation works not charged against Revenue.	7,64,13,315	14,42,99,228	26,55,72,106	22,97,57,115
Capital charge involved in the purchase of Railways.	...	...	...	...
Capital outlay on the Postal and Telegraph Department not charged against Revenue.	...	...	...	81,61,617
Capital outlay on Vizagapatam Harbour and Security Printing not charged against Revenue.	...	...	...	...
Initial Expenditure on New Capital at Delhi.	42,86,895	50,35,427	1,25,75,011	1,35,27,418
Commuted value of pensions not charged against Revenue.	...	...	...	...
Currency Capital outlay	...	...	...	...
India's Financial Contribution to the War.	...	...	...	...
Net Public Debt incurred	11,47,30,575	8,90,70,517	52,34,07,498	49,19,30,103
Net public debt incurred, including Capital transactions with Railway Companies.	10,22,96,861	8,22,22,396	51,76,91,284	49,75,33,002
Value of commodities exported, excluding Gold and Silver.	2,55,30,90,000	3,36,02,20,000	2,67,76,80,000	2,48,65,80,000
Value of commodities imported, excluding Gold and Silver.	1,88,56,20,000	2,21,70,20,000	3,47,57,40,000	2,82,59,80,000
Excess of Exports over Imports, excluding Gold and Silver.	66,74,70,000	1,14,32,00,000	(c)—79,80,60,000	(c)—33,94,00,000
Net Imports of Gold	†—5,56,40,000	35,33,00,000	2,10,80,000	†—2,86,40,000
Ditto of Silver	67,91,90,000	29,22,90,000	6,48,40,000	15,09,60,000
TOTAL NET IMPORTS OF GOLD AND SILVER.	62,35,50,000	64,55,90,000	8,59,20,000	12,23,20,000
Excess of Exports over Imports including Gold and Silver.	4,39,20,000	49,76,10,000	(c)—88,39,80,000	(c)—46,17,20,000
Net Imports of Currency Notes *	...	...	...	...
Excess of Exports over Imports including Gold, Silver and Currency Notes.	4,39,20,000	49,76,10,000	(c)—88,39,80,000	(c)—46,17,20,000
Secretary of State's Bills sold (Rupees).	(a) 28,65,41,000§	34,54,98,000	...	...
Sterling Equivalent received	(a) 20,946,314§	31,226,219	...	...
Silver coined at the Indian Mints	52,05,35,310	37,72,19,757	3,41,30,039	1,60,86,638

* Recorded from
† Represents net
§ Includes remittances of the
(a) Includes remittances of the
(b) Figures for 11 months
(c) Net
‡ Net
(d) Figures included

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FINANCIAL STATISTICS.

MISCELLANEOUS.

1922-1923.	1923-1924.	1924-1925.	1925-1926.	1926-1927, Revised.	1927-1928, Budget.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	2,38,99,758	5,88,25,608	3,31,18,187	...	...
15,01,76,392	...	...	...	...	...
18,45,67,524	20,80,11,576	13,46,94,254	19,23,53,255	26,99,24,000	25,00,16,000
..	...				
...	...	...	3,42,73,830	...	...
		...	...		
65,62,006	75,21,560	1,17,55,881	2,23,54,139	31,35,000	58,02,000
...	...	...	81,16,371	54,52,000	39,55,000
1,84,79,432	1,54,73,652	1,42,18,868	99,06,184	75,00,000	70,00,000
...	...	...	...	35,00,000	33,35,000
...	...	...	...	8,61,000	19,23,000
...	...	...	...	...	...
25,61,19,053	17,67,00,540	9,62,96,934	—4,03,60,226	—4,63,04,000	+7,22,41,000
25,26,11,589	16,64,05,856	9,13,70,596	—4,09,06,307	—7,46,47,000	+6,49,47,000
3,16,07,20,000	3,63,37,60,000	4,00,24,30,000	3,86,81,20,000	(b) 2,76,38,60,000	
2,46,19,20,000	2,37,18,40,000	2,53,36,40,000	2,35,99,90,000	(b) 2,18,49,30,000	
69,88,00,000	1,26,19,20,000	1,46,87,90,000	1,50,81,30,000	(b) 57,89,30,000	
41,19,10,000	29,18,70,000	73,02,00,000	34,85,50,000	(b) 16,61,10,000	
18,35,40,000	18,69,80,000	20,07,40,000	17,12,40,000	(b) 18,38,70,000	
59,54,50,000	47,88,50,000	94,00,00,000	51,97,90,000	(b) 34,99,80,000	
10,33,50,000	78,30,70,000	52,87,90,000	98,83,40,000	(b) 22,89,50,000	
1,01,70,000	1,64,00,000	3,00,000	†—33,00,000	(b) 4,00,000	
9,31,80,000	76,66,10,000	52,84,80,000	99,16,40,000	(b) 22,85,50,000	
3,76,00,000	12,68,50,000	10,09,00,000	...	...	
2,570,025	8,738,704	7,579,162	...	...	
62,75,446	50,00,791	33,25,394	30,73,478	(d) 50,49,430	

April 1923.
exports of gold.
Gold Standard Reserve.
Currency Department.
(April to February).
imports.
exports.
up to January 1927.

COMMERCIAL AND

TABLE I—

	1918-1919.	1919-1920.	1920-1921.	1921-1922.
Maximum price in pence of an oz. troy standard Silver in London.	50 (28th March 1919).	89½ (11th Feb. 1920).	72½ (7th April 1920).	43¾ (27th Sept. 1921).
Minimum price in pence of an oz. troy standard Silver in London.	45½ (8th to 10th April 1918).	48 9/16 (4th April and 6th May 1919).	30¼ (5th March 1921).	32½ (28th Feb. & 2nd Mar. 1922).
Average Exchange upon Secretary of State's Bills sold per rupee.	1s. 5·544d.	1s. 9·691d.	...	...
Average of the daily telegraphic transfer rates from Calcutta on London.	...	...	1s. 8·66d.	1s. 3·85d.
Rate of Exchange for the adjustment of transactions between the Indian and Imperial Governments.	1s. 5d. and 1s. 6d.	1s. 6d., 1s. 8d., 2s. 4d. and 2s. 9d.	2s. 8d., 2s. 4d., 2s. 2½d., 2s., 1s. 11d., 1s. 10½d., 1s. 9½d., 1s. 5½d., 1s. 8d., & 1s. 4½d.	1s. 3½d., 1s. 3½d., 1s. 8½d., 1s. 4d., 1s. 4½d., 1s. 5d., and 1s. 5½d.
Maximum rate of discount on loans on demand at the Imperial Bank of India, Calcutta.	7 (16th Jan. to 26th Mar. 1919).	7 (12th to 31st Mar. 1920).	7 (1st Apl. to 9th June 1920, 18th Nov. 1920 to 2nd Mar. 1921).	8 (16th Feb. to 31st Mar. 1922).
Minimum rate of discount on Loans on demand at the Imperial Bank of India, Calcutta.	5 (23rd May to 6th Nov. 1918).	5 (5th June 1919 to 14th Jan. 1920).	5 (1st July to 3rd Nov. 1920).	5 (2nd June to 14th Dec. 1921).
Maximum rate of discount at the Bank of England.	5 (1st Apl. 1918 to 31st Mar. 1919).	6 (6th Nov. 1919 to 31st Mar. 1920).	7 (15th April 1920 to 31st Mar. 1921).	7 (1st Apl. to 1st May 1921).
Minimum rate of discount at the Bank of England.		5 (1st April 1919 to 5th Nov. 1919).	6 (1st to 14th April 1920).	4½ (16th Feb. to 31st March 1922).
Maximum Government balances at the Imperial Bank of India.	18,60,47,000 (Sept.)	18,26,33,000 (Feb.)	20,38,41,000 (July)	25,87,46,000 (31st July).
Minimum Government balances at the Imperial Bank of India.	6,54,89,000 (April)	7,04,52,000 (Sept.)	5,84,98,000 (Feb.)	5,34,64,000 (18th Nov.).
Maximum price in Calcutta of 5 per cent. War loan, 1929-47.	98	95	90	87
Minimum price in Calcutta of 5 per cent. War Loan, 1929-47.	90	90	77	78
Maximum price in Calcutta of 5 per cent. income-tax free loan, 1945-55.	...	95½ to 96	95½ to 96	89
Minimum price in Calcutta of 5 per cent. income-tax free loan, 1945-55.	...		78½	80
Maximum price in Calcutta of Government 3½ per cent. Rupee Securities (Guaranteed).	81 (7th to 21st Nov. 1918).	71 (1st April to 17th May 1919).	60 (1st to 16th April 1920 and 5th to 15th January 1921).	62 (30th & 31st May 1921).
Minimum price in Calcutta of Government 3½ per cent. Rupee Securities (Guaranteed).	65 (3rd May to 24th June 1918).	60 (27th Feb. to 31st Mar. 1920).	52 (1st Nov. to 13th Dec. 1920).	55-8 (from 11th March 1922).
Maximum price in Calcutta of 3 per cent. Rupee Securities.	60 (5th to 22nd Nov. 1918).	62 (1st April to 17th May 1919).	50 (1st April to 5th Oct. 1920 and 5th to 15th January 1921).	58 (31st May & 1st June 1921).
Minimum price in Calcutta of 3 per cent. Rupee Securities.	58 (11th Apl. to 24th June 1918).	50 (27th Feb. to 31st Mar. 1920).	42 (1st Nov. to 22nd Dec. 1920).	47 (1st to 4th April 1921).

FINANCIAL STATISTICS—*contd.*

MISCELLANEOUS—*contd.*

1922-1923.	1923-1924.	1924-1925.	1925-1926.	1926-27, Revised.	1927-1928, Budget.
37⅛ (22nd May 1922).	34 1/16 (3rd and 5th Jan., 13th and 14th Feb. 1924).	36 1/16 (9th Oct. 1924)	33 7/16 (5th Septr. 1925).	30⅛ (5th May 1926).	
30⅛ (15th Dec. 1922).	30 11/16 (13th July 1923).	31¼ (29th Dec. 1924)	30⅛ (19th and 22nd March 1926).	24½ (20th October 1926).	
1s. 4·448d.	1s. 4·534d.	1s. 6·028d.	...	...	
1s. 3·76d.	1s. 4· 46d.	1s. 5·51d.	1s. 6·08d.	1s. 5 15/16d. (estimate).	
1s. 3½d., 1s. 3½d., 2s. 3½d., 1s. 4d., and 1s. 4½d.	1s. 4d., 1s. 4½d., 1s. 4⅝d., 1s. 5d. and 1s. 5¼d.	1s. 4⅝d., 1s. 5d., 1s. 5⅛d., 1s. 5⅛d. and 1s. 6d.	1s. 6d., 1s. 6⅛d.	1s. 5⅛d., 1s. 6d. and 1s. 6⅛.	
8 (1st to 26th April 1922 and from 11th Jan. to 31st March 1923).	9 (14th Feb. 1924 to 31st March 1924).	9 (1st April to 9th April).	7 (1st April to 20th May).	7 (10th February to date).	
4 (6th July to 25th Oct. 1922).	4 (28th June to 14th Nov. 1923).	4 (31st July to 20th Augt. 1924).	4 (3rd July to 27th September).	4 (10th June to 31st December).	
4½ (1st to 12th April 1922).	4 (since 5th July 1923).	5 (5th March).	5 (1st April to 4th August and 3rd December to date).	5 throughout the year.	
3 (13th July 1922 to 31st March 1923).	3 (1st April to 4th July 1923).	4 (1st April 1924 to 4th March 1925).	4 (2nd October to 2nd December).		
33,19,07,000 (28th July).	29,74,54,000 (20th July).	32,18,07,000 (31st July).	28,96,31,000 (29th May).	36,41,13,000 (30th July).	
8,22,54,000 (10th Nov.).	6,22,69,000 (6th Nov.).	7,42,62,000 (31st Dec.).	4,29,57,000 (11th December).	3,85,92,000 (17th December).	
88—8	93—10	94—14	97—4	102—6.	
81—6	87—12	92—14	94—13	99—14.	
93—8	98—14	99—8	101—7	110—4.	
87	93—2	97	98—13	104—9.	
61—4 (22nd and 23rd March 1923).	63—3 (8th Mar. 1924).	68—6 (10th July).	73—8 (27th March).	79—3 (15th December).	
55—8 (1st to 17th April 1923).	61 (3rd to 5th April 1923).	63—4 (18th September).	67—10 (5th May) .	74—6 (1st April).	
52—8 (22nd and 23rd March 1923).	57—12 (8th Mar. 1923).	58—10 (10th July).	63—14 (25th March).	67—14 (15th to 21st December).	
47—12 (1st to 18th April 1922).	51—14 (3rd to 5th April 1923.	53—8 (18th September).	57—15 (15th to 18th May).	66—2 (1st, 3rd, 4th, 14th May and 3rd and 9th to 11th August).	

COMMERCIAL AND

TABLE I—

	1918-1919.	1919-1920.	1920-1921.	1921-1922.
	R	R	R	R
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts.	8,17,24,000 (Mar.)	8,16,74,000 (Apl.)	6,65,19,000 (Apl.)	7,80,08,000 (Feb.)
Minimum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts.	7,34,70,000 (July)	7,43,58,000 (Dec.)	6,13,12,000 (Sept.)	6,36,30,000 (Apl.)
Maximum price in London of 3½ per cent. (Rupee Securities in Gold).	54	74	63¾	42½
Minimum price in London of 3½ per cent. (Rupee Securities in Gold).	44	49½	33½	34½
Maximum price in London of India 3½ per cent. Stock.	74	69¾	61	63½
Minimum price in London of India 3½ per cent. Stock.	62	54½	51½	55½
Maximum price in London of India 3 per cent. Stock.	64	60¾	53	55½
Minimum price in London of India 3 per cent. Stock.	53½	47½	43½	47½
Maximum price in London of India 2½ per cent. Stock.	53¾	50¾	43	46¼
Minimum price in London of India 2½ per cent. Stock.	44½	40	37⅝	39¾
Maximum price in London of 7 per cent. Stock.	...	...	...	108½
Minimum price in London of 7 per cent. Stock.	...	...	...	102½
Maximum price in London of 5½ per cent. Stock.	...	...	...	94½
Minimum price in London of 5½ per cent. Stock.	...	...	...	89¾
Maximum price in London of 4½ per cent. Stock.	...	...	...	...
Minimum price in London of 4½ per cent. Stock.	...	...	...	...
Maximum Government Paper Currency outstanding.	1,53,46,48,000 (Mar.)	1,85,14,79,000 (Jan.)	1,70,73,89,000 (Apl.)	1,79,71,49,000 (Oct.)
Minimum Government Paper Currency outstanding.	1,05,96,05,000 (Apl.)	1,53,72,07,000 (Apl.)	1,57,62,82,000 (Sept.)	1,67,31,85,000 (Apl.)
Number of Post Office Savings Banks.	10,587	10,670	10,713	10,758
Number of accounts in Post Office Savings Banks.	16,77,407	17,60,442	18,77,957	19,58,324
Amount deposited in Savings Banks	18,82,44,749	21,34,84,628	22,86,21,716	22,36,24,825
Average of each deposit	112·22	121·26	121·73	113·68
Net addition to deposits	2,23,98,279	2,52,39,787	1,51,37,088	—59,96,891

FINANCIAL STATISTICS—*concld.*

MISCELLANEOUS—*concld.*

1922-1923.	1923-1924.	1924-1925.	1925-1926.	1926-1927, Revised.	1927-1928, Budget.
R	R	R	R	R	R
10,50,48,000 (Nov.)	10,80,92,000 (Oct.)	10,20,86,000 (Apl.)	9,48,86,000 (Apl.)	8,59,21,000 (Oct.)	
9,68,19,000 (May)	10,06,94,000 (Mar.)	9,69,36,000 (Mar.)	8,41,90,000 (Mar.)	8,19,29,000 (Sept.)	
39	45	49¼	54¼	57½	
34	39	45	49½	54½	
69¼	72½	69½	69½	74½	
62½	61½	63	63¼	67½	
59½	62½	59½	59½	63½	
53¼	52¾	54	54½	57¾	
50¼	52½	49½	49½	52½	
44½	44¼	45	49½	48 7/16	
119¼	124	115½	106½	104¾	
108	107¼	104½	103¼	101½	
102½	105	103½	103	104	
93¼	99	100	99¼	101	
88½	93	89½	91½	93½	
83¼	82¼	85½	85½	88½	
1,82,36,25,000 (Aug.).	1,86,18,98,000 (Feb.)	1,84,19,40,000 (Mar.)	1,93,34,10,000 (Mar.)	2,00,33,42,000 (Aug.)	
1,71,76,07,000 (Apl.)	1,71,23,35,000 (May)	1,72,49,20,000 (June)	1,73,23,07,000 (May)	1,80,47,21,000 (Jan.)	
10,730	10,535	10,727	11,162		
20,43,502	20,89,314	21,64,473	23,17,200		
23,19,98,761	24,78,83,170	25,63,94,907	27,23,14,764		
113·52	118·64	118·45	117·50		
93,73,936	1,58,84,409	85,11,737	1,59,19,857		

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1927

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Return to an Address of the Honourable the House of Commons, dated 10th July, 1928; for,

"RETURN OF THE BUDGET OF THE GOVERNOR GENERAL OF INDIA IN COUNCIL FOR 1928-29."

India Office,
12th July, 1928.

A. HIRTZEL.
Under Secretary of State for India.

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GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

BUDGET FOR 1928-29.

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PART I.

RAILWAY BUDGET.

Speech of the Railway Member

introducing the

Railway Budget for 1928-29.

I rise to present the Railway Budget for 1928-29, and as this is my maiden effort in budgets, I hope the House will extend to me the indulgence which inexperience is usually allowed to claim. Sir Charles Innes was wont to preface his speech by an explanation of any changes in procedure that had been made or in the form of the papers which it is customary to lay before the House. I do not think it is necessary for me to say much on that point. There must be many here to whom the apparatus of white papers and pink books is much more familiar, and consequently much less formidable, than it is to me. I will only say that a very marked improvement has been made in the form of the Railway Board's explanatory memorandum, and I am sure that Honourable Members will find it a much more informative and interesting document than it has been in the past. This improvement we owe to Mr. Parsons on whose shoulders the burden of preparing the Railway Budget chiefly rests, and I should like to say at once how deeply I am indebted to him for the assistance I have received not only at the budget season but throughout the year. From Sir Austen Hadow and from the members and officers of the Railway Board I have always received the most loyal co-operation and assistance.

2. Figures are a regrettable necessity in a Budget speech, but I shall try to reduce their number to a minimum, and I have the less compunction in doing so, because the Railway Board's Memorandum and its appendices contain a full and lucid explanation of the financial position of the Railways.

Before attacking my task I will only add that I shall be very grateful if, in accordance with past practice, Honourable Members who give notice of motions for reduction will add a few words to indicate the subjects which they wish to bring up for discussion. The practice is of great assistance to the Government members and I believe also to the House as a whole.

Financial Results of 1926-27.

3. It will not be necessary to say more than a few words about the results of 1926-27. When the revised estimates for the year were submitted by Sir Charles Innes, he anticipated that the surplus of receipts over expenditure would not quite suffice to pay the railway contribution to General Revenues, and that it would be necessary to draw Rs. 7 lakhs from the reserve to make good the deficiency. Actually the surplus was higher than the estimate by about 1½ crores, and the reserve was increased by that amount. The improvement was due mainly to a remarkable increase in goods traffic on the East Indian Railway in February and March, and to a reduction in working expenses as compared with the estimate. The year was not therefore in the end a bad one for the railways, and the figures of the last two months were distinctly encouraging.

Revised Estimates for 1927-28.

4. The opening months of the current year maintained the promise of their predecessors. For some time it was impossible to be sure whether the lateness of the season had not thrown forward into 1927-28 traffic which

belonged naturally to 1926-27, but as the weeks passed and the traffic earnings continuously exceeded the earnings of the corresponding months of 1926-27, it became reasonably certain that with a normal monsoon we could look forward to a prosperous year. The disastrous floods in Guzerat and Orissa slowed up progress for about a month in July and August, but the check proved to be temporary, and by the end of October all anxiety about the financial results of the year had passed away. According to our present anticipations passenger earnings will be better than in 1926-27 by Rs. 1½ crores, and goods earnings by 3 crores, a total gain of 4½ crores. The figures for the earlier months of the year suggest that by the end of March we may realize an increase of 6 per cent. in the passenger mileage and of 3½ per cent. in the ton mileage. It is a satisfactory feature of the goods traffic that the increase is not confined to any one class of commodity, but with the single exception of cotton has extended to almost all. It has been most interesting to watch from week to week, as I have done, the steady increase in the loadings of grain and pulses, of oil seeds, of coal and coke and of what are termed miscellaneous full wagons and miscellaneous smalls.

Up to the 21st of January 1928, 230,000 more wagons had been loaded on the broad gauge and 90,000 on the metre gauge than in the same period last year. All the principal railways show substantial increases in traffic earnings with the single exception of the Bombay, Baroda and Central India Railway, where the receipts for the first ten months of the year are almost identical with those of 1926-27. As always, the railway results are dependent on the character of the season and particularly of the monsoon months, but I have no doubt that the ability of the railways to handle all the traffic offering without delay has contributed largely to our success. Had the conditions in 1927-28 been similar to those which prevailed five or six years ago when the wagons could not be turned round fast enough to carry the traffic, our earnings must have been distinctly smaller.

5. I have not thought it worth while to trouble the House with any comparison between the revised estimate of revenue and the budget figures. When we attempt to estimate the earnings of our railways during the coming twelve months, we are dealing with factors which we can neither control nor forecast with accuracy, and the best estimate we can make is largely guess-work. Working expenses stand on a different footing. They tend to rise, no doubt, when traffic increases, and to fall when it declines, but to a considerable extent they are subject to control by the responsible authorities. This year our traffic has brought us in Rs. 3¼ crores more than we expected in the shape of traffic receipts, but our working expenses, we believe, will be Rs. 63 lakhs less than the estimate. As compared with 1926-27, we expect to carry extra traffic which will raise our receipts by 4½ crores, but will increase our working expenses by only Rs. 8 lakhs. That, I think, is a result which on the face of it is satisfactory, and it is even better than it looks. For owing to the increase in the capital at charge, our expenditure on depreciation has risen automatically by about half a crore. Under operation we expected to spend the same amount as in 1926-27, and we now expect to spend Rs. 50 lakhs less, while under repairs and maintenance we expected to spend Rs. 50 lakhs more and we now expect to spend Rs. 18 lakhs less. I shall have something to say about both heads.

6. Under operation we expect to spend half a crore less on fuel than in 1926-27. A more economical use of fuel has had a good deal to do with bringing down our expenditure, and it is a point to which the Railway Board rightly attach great importance. The quantity of coal consumed per thousand gross ton miles hauled is steadily diminishing, and will, we hope, decrease still further. Thus for example in 1927-28 the Bombay, Baroda and Central India Railway reduced its consumption by more than 9 per cent., the Eastern Bengal Railway by nearly 12 per cent., the Assam Bengal Railway by nearly 7 per cent., and the South Indian Railway by 6 per cent. The measures which have brought about the reduction include the fixing of maximum limits for the coal to be held at one time by each railway administration so as to avoid the rapid deterioration which takes place when certain classes of coal are stacked, the employment of fuel inspectors, greater attention to firing methods and the superheating of locomotives. Apart from fuel, the decrease in operation expenses during a year of higher traffic is clear proof of the attention which is given to economy.

7. The reduction of expenditure under Repairs and Maintenance, in spite of an addition of between 600 and 700 miles to the lines to be maintained is due very largely to economies in the railway workshops and the fact that our revised figure is nearly 70 lakhs less than the budget will no doubt be of special interest to my Honourable Friend Mr. Chetty. Honourable Members who were present during the discussion of the railway budget last year may remember that Mr. Chetty moved a reduction of 50 lakhs under this head, his argument being that we were asking for more money than we actually needed for workshop expenditure, and that a substantial reduction was possible. The revised estimates show that his anticipations were more correct than ours, but there is no difference of opinion between him and us as to the policy to be followed. The Railway Board have been fully alive to the necessity of economizing in workshop expenditure, and the results of the steps they have taken are now becoming apparent. In their memorandum on the budget the Board have given a number of figures to illustrate the economies which have been effected, but I will quote only two. On the North Western Railway the average cost of a locomotive standard repair has been reduced from Rs. 14,011 in November 1926 to Rs. 11,612 in November 1927, and on the Great Indian Peninsula Railway from Rs. 11,967 to Rs. 9,573. These reductions are substantial, but the matter does not end there. With the new methods which have been adopted repairs are executed much more expeditiously than before. On the East Indian Railway, for example, the average number of days locomotives were in the shops has been reduced from 105 to 64, passenger carriages from 46 to 35 and wagons from 15 to 5 It follows of course that much fuller use is being made of our rolling stock, and that the need for buying new stock is proportionately diminished. The economies we have been able to effect are the direct result of the modernization of the workshops which was commenced some years ago and is still proceeding. Very large sums have been voted by the Assembly for this purpose, and I think the House has legitimate cause for satisfaction with the results achieved.

8. I will now summarize briefly the financial results of 1927-28. Our total receipts on the commercial lines we put at Rs. 103½ crores, which is nearly Rs. 5 crores higher than the total for the previous year. Our total expenditure at Rs. 90⅔ crores is up by Rs. 1¼ crores, but this increase is more than accounted for by the fact that our interest charges have risen by Rs. 1½ crores owing to the capital expenditure incurred during the year.

The surplus of receipts over expenditure on the commercial lines is Rs. 12¾ crores as against about Rs. 9 crores in 1926-27 and in our budget. Out of this surplus the loss on the strategic railways absorbs 1⅝ crores, and of the balance Rs. 4¼ crores, under the operation of the convention, goes to the Railway reserve fund and Rs. 6⅓ crores is our contribution to general revenues.

Rates and fares.

9. The return from our railways during the current year having proved thoroughly satisfactory, the House will naturally be anxious to know what we propose to do with our surplus. When Sir Charles Innes introduced the budget for the current year, he was unable to announce any reduction in rates and fares apart from certain minor reductions in third class fares made by the Agents of particular lines. The circumstances then existing did not justify any large sacrifice of revenue, and it was necessary to wait and see what 1927-28 had in store for the railways. The position now is very different, and for some time past we have been considering what could be done to assist trade. In order to restore solvency to the railways, it was necessary some years ago to raise rates and fares to a much higher level than any of us would wish to see, and when we are prosperous enough to make substantial reductions, it is important to select those which are most likely to be beneficial. We came to the conclusion, as I think any railway administration in similar circumstances must have done, that the decisive consideration must be whether the reduction was likely to be followed by an early and substantial increase in traffic. What we hope for in the end is a general reduction in all rates and fares. If then we begin with those rates which operate to restrict traffic, we may hope to be able to deal with other commodities before very long, for our earnings will go up again as the traffic increases. But if, on the other hand, we begin with reductions which, however beneficial, are not likely to lead to increased traffic, it may be several years before further reductions become possible. It is on this basis that Government arrived at the decisions which I have now to communicate to the House.

10. In the first place, we propose to make a substantial reduction in the third class fares on the East Indian, North Western and Great Indian Peninsula Railways. Up to 50 miles no change will be made, but from 51 miles and upwards, the reduction will be half a pie per mile. On the East Indian and North Western Railways this means a reduction of 13 per cent. for a journey of 300 miles, 16 per cent. for a journey of 500 miles, and 20 per cent. for a journey of 900 miles. The corresponding percentages on the Great Indian Peninsula Railway are 11, 13 and 15. In addition we propose to abolish on the East Indian and Great Indian Peninsula Railways the distinction by which intermediate and third class mail fares are higher than by ordinary trains. If there were no growth of traffic, the reductions in third class fares would cost Rs. 122 lakhs in a complete year.

11. It may perhaps interest the House to know how the new rates for third class passengers compare with those in force before the war. On the Great Indian Peninsula Railway the increase is still substantial, varying from 60 per cent. at 50 miles to 30 per cent. at 600 miles. On the East Indian Railway, the comparison is more favourable to the new rates. The increase is 40 per cent. at 50 miles, 23 per cent. at 300 miles, 14 per cent. at 600 miles and 10 per cent. at 900 miles. When the increase in salaries and wages and the prices of almost all commodities which has

occurred since 1913 is taken into account, the increase in third class fares on this railway is distinctly less than might have been expected. But the comparisons on the North Western Railway are better still. At 50 miles it is true the increase is 55 per cent., but at 300 miles it drops to 18 per cent. and for all distances over 466 miles, the new fares are actually lower than the pre-war fares, the difference at 900 miles being as much as 16 per cent. I ought to add that we propose to discuss with the Company-managed railways the desirability of similar reductions on their systems in order to stimulate the growth of third class traffic.

12. Second in importance comes a substantial reduction in the rates for parcels and luggage. This is a very strong case, for the figures of past years clearly suggest that the present rates are operating to restrict traffic and in another respect the scale is unsatisfactory because it proceeds by 10 seers at a time so that a parcel weighing 11 seers is charged the same as one weighing 20 seers. Instructions will be issued for the introduction of a revised scale with 5 seers instead of 10 seer divisions, and for a reduction of the rates by 15 per cent. The cost in a full year, if there were no increase in traffic, would be Rs. 74 lakhs, but we have every reason to expect a substantial increase.

13. In the case of goods rates, we propose four reductions which should be of substantial benefit to the poorer classes and to the agriculturist. At present on the State-managed railways kerosene is carried at a uniform rate which works out at 42 pies per maund per 100 miles. We propose to substitute a telescopic scale which fixes lower rates for all distances in excess of 300 miles and drops to 10 pies per 100 miles for distances in excess of 700 miles. This reduction means a decrease in freight of 16 per cent. for a haulage of 500 miles, 35 per cent. for 750 miles and 42 per cent. for 900 miles. The total cost is Rs. 28 lakhs a year with the present volume of traffic. In the second place, we propose to reduce the rates on manure and oilcake which vary at present on the State-managed railways, to the absolute minimum of a tenth of a pie per maund per mile. On the East Indian Railway this means a reduction varying from 42 to 54 per cent. for distances of 500 to 900 miles. In a full year the cost is Rs. 15 lakhs, but more manure carried means larger crops and larger crops mean more traffic for the railways, so that the indirect gain to the railways from the concession may in the long run be considerable. The third important reduction is in the rate for jagree. In this case also we propose to substitute a telescopic scale for a uniform rate at a cost of about Rs. 10 lakhs in a full year. For distances in excess of 500 miles this means a reduction rising from 43 per cent. to 55 per cent. at 900 miles. Here also we look for a substantial increase in traffic. Finally, we propose to make a small adjustment in the rates on grain, pulses and seeds. At present the rates on the East Indian Railway up to 97 miles and on the North-Western Railway up to 232 miles are higher than on the Great Indian Peninsula Railway. We propose to remove this distinction at a cost of Rs. 12 lakhs a year.

14. In order to complete my account of the reductions in rates there are four others to be mentioned. Two of them cost very little but will, I hope, be appreciated. Petrol at present pays a uniform rate which works out at 83 pies per 100 miles. We propose to substitute a telescopic scale which will affect all distances in excess of 300 miles and means a reduction of 19 per cent. for 500 miles, 30 per cent. for 750 miles and 34 per cent. for 900 miles. The cost is only Rs. 2 lakhs in a full year. The

second concession is a reduction in the charges for horses, live stock and motor cars, which will cost about Rs. 3 lakhs a year. The other two reductions may be described as the removal of anomalous conditions on the East Indian Railway. It is more than two years since the Oudh and Rohilkhand Railway was absorbed, but the telescopic scales still stop short at the old junctions, and terminals are charged as if the two railways were separate. The abolition of this system will cost Rs. 33 lakhs in a full year. In the second place, the East Indian Railway charges a goods terminal of 6 pies a maund for through booking on which they render terminal services at one end only, though the terminal charge at either end for local booking is only 3 pies. The through terminal will now be reduced to the same figure.

15. Some of the reductions in rates and fares to which I have referred will be brought into force at once, but due notice must be given of the remainder, and we do not expect that all of them can take full effect till June at earliest. That fact will of course reduce the loss of revenue in 1928-29. We are giving up in a full year Rs. 122 lakhs in passenger traffic earnings, Rs. 77 lakhs in other coaching traffic and about Rs. 106 lakhs in goods earnings, that is Rs. 305 lakhs in all. We anticipate however, that the very substantial reductions made will have an immediate effect in stimulating the growth of traffic and that the actual loss will be much less. We have deliberately elected indeed to make substantial reductions in the case of particular commodities in the belief that the growth of traffic would thereby be insured, rather than to spread the reductions over a wider area and incur the risk that no one reduction would be large enough to stimulate bookings. On the whole we expect that the loss of revenue will not exceed Rs. 2 crores in 1928-29, when the dates at which the reductions are likely to become effective and the probable increase in traffic are taken into account.

Budget Estimate for 1928-29.

16. I turn now to the budget figures for 1928-29. But for the reductions in rates and fares which we propose, we should have budgetted for an increase of Rs. 1½ crores in the gross traffic receipts, the two basic assumptions being (1) a normal monsoon, and (2) a further growth in traffic but at a slower rate than in the current year. In view of the reductions in rates and fares we anticipate a fall of Rs. 55 lakhs in the traffic earnings, but owing to the increase in the interest on the balances of the reserve and depreciation funds, our total receipts are expected to be only Rs. 24 lakhs lower. On the expenditure side, working expenses are put at the same figure as in the previous year, making the fourth successive year in which they have stood at about Rs. 62½ crores notwithstanding the extension of our lines and the increase in the traffic with which we have to deal. During the period the expenditure on depreciation (which is governed automatically by the amount of the capital at charge) will have risen from Rs. 10¼ crores to Rs. 11½ crores, which means that the other working expenses will have fallen by Rs. 1¼ crores. This is a very satisfactory result and bears eloquent testimony to the resolute and continuous efforts of the Railway Board to secure economical administration. Operation expenses will, we anticipate, be about the same as in the current year, the increase in traffic very nearly offsetting a saving of Rs. 15 lakhs we expect in our fuel bill. Under repairs and maintenance, taking warning by this year's lesson, we are

budgetting for a reduction of Rs. 63 lakhs, and this estimate, I may say, is the result of a very close examination of the number of locomotives, carriages and wagons likely to be repaired, and takes full account of the fact that on most of the principal railways there are little or no arrears to be made good. We hope also that the progressive modernization of our workshops will again bring down the average cost of repairs.

Interest charges, owing to our new capital expenditure, will be higher by Rs. 1½ crores, and the surplus profits of companies by a quarter of a crore. The latter increase, however, is due to special causes and will not recur. It is occasioned by the fact that on the 1st of January 1929 our contract with the Burma Railways Company will expire, and the line will come under State management. It will be necessary, therefore, during the year to pay to the Company not only the surplus profits of the current year, but also those of the first nine months of 1928-29.

Our total receipts for the year we put at a little over Rs. 103 crores and the total charges (including the loss on the strategic railways) at Rs. 94 crores, leaving a final surplus of about Rs. 9 crores, of which general revenues will take Rs. 5½ crores and the railway reserve fund Rs. 3½ crores.

Capital Expenditure.

17. I do not propose to deal otherwise than briefly with our capital programme. During the current year we expect that our capital expenditure will be Rs. 30 crores, which is Rs. 5 crores more than the budget estimate and nearly Rs. 3 crores higher than the actuals of 1926-27. More rapid progress has therefore been made in the construction of new works than we anticipated, and this fact need occasion no regret, for it means that the new expenditure will become fruitful at an earlier date and contribute to our traffic earnings. The House will remember that when, after the war, it again became possible to devote large sums to railway capital expenditure, the actual outlay each year fell far short of the budget provision, and in order to meet this difficulty a system of over allotment was introduced. Each railway administration was given the amount which it thought it could spend, but a lump reduction was made in the total figure for all railways so as to bring it down to the amount which experience showed was likely to be spent. Thus in the current year the total allotment to all railways was Rs. 39¾ crores, but was reduced to Rs. 25 crores by a *minus* entry of Rs. 14¾ crores on account of probable savings. The experience of 1927-28 makes it clear that the railways are now much better equipped for dealing expeditiously with new projects and that closer estimating will be possible in the future. We have taken account of this fact in framing the estimates for 1928-29.

18. In next year's budget we are providing Rs. 28 crores for capital expenditure. The allotment for open line works is Rs. 15 crores and for new construction Rs. 9 crores. These are net figures and are arrived at after deducting nearly Rs. 5 crores on account of probable savings as against Rs. 14¾ crores this year. The total of Rs. 28 crores is made up by a special provision of Rs. 4 crores for the acquisition of the Burma Railways on the expiration of the Company's contract at the beginning of 1929. The decision of the Government of India not to renew the contract but to take the line under direct management was in accordance with the expressed wishes of the Local Government and the local Legislature and will, I believe, commend itself to this House.

19. The only open line works of major importance which we propose to initiate next year are the remodelling of Erode junction on the South Indian Railway and the Madras suburban electrification. For the rest the completion of the works already in hand will, it is thought, give full scope for the energies of the railway administrations. Full details of the work which is going on are given in the Appendix to the Railway Board's explanatory memorandum, and I cannot attempt to summarize them now. I ought, however, to mention that the provision made for amenities for third class passengers, including the additions to, and improvements in, lower class carriages, amounts to nearly Rs. 2¼ crores. This is a very important branch of our railway work, and I can testify that it receives close and constant attention from the Railway Board.

20. I turn now to new construction. When Sir Charles Innes spoke last year he expressed the hope that we should open nearly 900 miles of new line this year. We have not done quite so well as that but we expect to open 636 miles and to raise that figure to about 800 miles next year. The mileage of our construction programme indeed has now reached a formidable total, for 50 projects, aggregating 2,600 miles, have already been sanctioned, and 40 others covering 2,000 miles are under examination. Where the projects are so numerous it is difficult to single out any of them for special mention, but of those which we propose to open next year, the most important perhaps are the Daltonganj Barkakhana section of the Central Indian Coalfields Railway, the Kangra Valley line in the Punjab and the Villipuram Trichinopoly line in Southern India. The lines which will still be under construction at the end of the year are for the most part short branches or feeder lines to the main system, but in various parts of the country there are special features. Thus in Burma and Assam we are constructing pioneer lines to open out rich but undeveloped country; in southern India the branches will serve densely populated tracts where the traffic should at a very early date yield an ample return on the capital invested; in the Punjab they are for the most part cross connections running from east to west and linking up the existing lines most of which run from north to south; while in the Province of Sind we hope to commence the feeder lines which are the natural consequence of the construction of the Sukkur Barrage. To attempt an enumeration of the various projects would serve no useful purpose, but I am confident that any one who studies the Railway Board's Memorandum and its Appendices will realize that they are fully alive to their responsibility for extending and improving the communications of India.

21. I have now completed, Mr. President, my survey of the financial results of 1927-28 and have given our forecast for 1928-29. I have some general remarks to make as regards the financial position of the railways, but before I come to them there is one other matter to which I should like briefly to refer, I mean the progress made in recruiting Indians for the superior services of the railways. Members will find a very full account of what has been done in the last two years on pages 66 to 72 of the Railway Board's report on Indian Railways for 1926-27; but I am in a position to supplement the information there by some further and later figures. 32 per cent. of the permanent gazetted appointments created in 1925-26 and of the vacancies which occurred during that year in such appointments on State-managed railways were filled by Indians. In 1926-27, the percentage practically doubled; it was over 62 per cent. This year, on the latest available figures, it seems probable that 42 Indians will be appointed to superior railway services, including the 13 candidates who, as announced last week,

were successful in the examinations for the Indian Railway Service of Engineers and the Transportation and Commercial Departments of the State-managed railways. We are only expecting 18 European recruits this year for the State-managed railways, so Indians are likely to obtain 70 per cent. of the appointments. We are rapidly reaching the percentage recommended as our aim by the Lee Commission.

So far I have only been referring to permanent appointments. But we have also succeeded recently in obtaining a much larger proportion of suitable Indian recruits for the temporary engineer posts on the State-managed railways which our large construction programme requires. When in 1925 we began to recruit temporary engineers in large numbers we first of all advertised in this country for them; but the immediate response was not as good as we could have wished, and we only succeeded in obtaining 28 sufficiently well-qualified men, of whom 7 were Europeans. In order not to hang up the programme of development we had therefore to obtain recruits from England through the High Commissioner, and we got from him in all 43 temporary officers on 3-year agreements, of whom 9 were Indians and the rest Europeans. Subsequently, in January 1927 we advertised again for recruits in India and obtained a much more satisfactory response; we have consequently stopped the recruitment of temporary engineers in England altogether. Since January 1927, we have obtained 20 temporary engineers in India, of whom 18 are Indians, and we have now got arrangements for maintaining a register of approved candidates for employment, to whom appointments are offered as they fall vacant. I am conscious that this reference to Indianization breaks the sequence of my speech, but I thought the House would be glad to have these figures before the general discussion on the budget takes place.

22. The House will readily understand, Sir, that it is a source of great satisfaction to me that on the first occasion on which I have had the honour of presenting a Railway budget to the Assembly it should be my good fortune to announce substantial reductions in rates and fares and to put forward a financial statement showing clearly the prosperous condition of the Indian Railways, and my satisfaction is not in any way diminished by the obvious fact that I can claim no credit for these results and that the sound financial condition of the Indian Railways is due to the exertions of others. It would have been more in accordance with the fitness of things if it had fallen to Sir Charles Innes to make the announcements I have made to-day, and to inform the House that the success of the policy which he advocated so strenuously and in the formation of which he had so large a share could now be regarded as established beyond question. On the other hand, my own position may perhaps have certain advantages. When I took over charge of the Railway Department last April, I was free from responsibility for the policy which had been adopted or for any of the important schemes which were then in progress, and I approached the whole subject with an open mind prepared to hear all that could be urged for or against the system under which the Railways are at present administered. I shall not delay the House very long, but before I sit down I should like to say something of the convictions which have formed in my mind and which deepen with every month that passes regarding the railway policy which has commended itself to the Government of India and to this House.

23. As I have already explained to the House, we are about to make reductions in rates and fares involving a sacrifice in our traffic receipts exceeding 3 crores of rupees in a full year. We anticipate of course that part

of what we give up will be restored to us by the natural growth of traffic. But the question may be asked whether we are not incurring thereby an excessive risk. For the past five or six years we have enjoyed a succession of favourable seasons none of them appreciably worse than the average and some distinctly above it. Can we expect, it may be asked, that nature will continue to favour us with abundant rainfall, and in the ordinary course of things must we not be prepared for at any rate a partial failure of the monsoon and possibly for two years in succession? If that is a possibility, as unquestionably it is, what provision have the Railways made for such a contingency, and has it been taken into account in framing the budget estimates for 1928-29? These are fair questions and I will endeavour to reply to them.

24. One of the best features of the scheme for separation of railway and general finance put forward by the Government of India and accepted by this House is that, under it, in the years of prosperity provision is definitely made for the less favourable years which in course of time we shall undoubtedly have to pass through. Every year after our contribution to general revenues has been made, out of the surplus of receipts over expenditure, the balance goes into the Railway Reserve Fund which by the end of March 1928 will amount to about 16 crores and in March 1929, if our expectations are fulfilled, to over 19 crores. If, then, we had the bad fortune to experience two successive years in which the conditions were so unfavourable that the surplus of receipts over expenditure disappeared altogether, we could still meet our contribution to general revenues in full without exhausting what we have set aside in the reserve fund. That is a very important and interesting fact, for it enables us to adopt a much bolder policy in the way of reducing rates and fares or in making desirable improvements in our railways than otherwise we should be able to do. If our railway finances were still inextricably entangled with the ordinary finance of the year, it might be the duty of the Finance Member to impose a veto on reductions in rates and fares which from the railway point of view were very desirable, on the ground that he could not face the sacrifice of revenue which they were likely to entail. As it is, when the time comes for making his budget, he knows that for two years ahead he is sure of getting the 1 per cent. contribution on the capital at charge on the commercial lines, whatever the actual traffic earnings of the railways may be. A very valuable element of stability is thereby introduced into the finances of India. At the same time, those who are responsible for the railway administration can make their plans in advance with reasonable security that they will be able to proceed with them unimpeded, and need not apprehend any sudden interruption owing to the financial exigencies of the moment.

25. I have thought it right, Mr. President, to emphasise the value which the Government of India set on the scheme for the separation of railway finance and to explain the very important advantages which it secures. As the House are aware, it rests on the convention accepted in 1924 both by this House and by Government, and it was part of the convention that it should be tried for at least three years, with an implicit recognition that after the expiry of that period, it might be desirable to review its working. During the last budget debate, it was suggested by some members that the time for this review had arrived, and Sir Charles Innes then said that, if there was a general feeling in the House to that effect, he would be quite prepared to agree to it. It is therefore a matter which had been under my consideration since I took charge of the Railway Department last April, but I felt that it would be difficult, if not

impossible, to arrive at satisfactory decisions as to the changes, if any, in the system which might be thought desirable, until we were in a position simultaneously to decide what changes in railway accounting practice were necessary as a result of the enquiry made by Sir Arthur Dickinson. His report was received last Autumn and the Railway Board and the Auditor General are now engaged in studying its recommendations. We hope that those of them which have a direct bearing on the separation of railway finance will be ripe for discussion in the Railway Standing Finance Committee in the course of next summer. When that has been done, a natural opportunity will occur for considering again the terms of separation agreed to in 1924. The discussions which will take place during the next few days should serve to elucidate the general feeling in the House, and if there appears to be a general desire to review the terms of the convention, we shall push on with the examination of Sir Arthur Dickinson's report, and will do our utmost to have the opinions of the Standing Finance Committee ready for the consideration of this House when it meets again in the Autumn Session. If we are successful, then I would move during the course of that Session for the appointment of a Committee to examine the working of the convention and to report what alterations, if any, were desirable. I have made it plain that the Government of India attach great value to the convention and consider that it has worked most successfully, but I hope that by what I have just said I have made it equally plain that they do not regard it as a thing so sacrosanct that it should be withheld from scrutiny or that they have any desire to deny this House an opportunity of satisfying itself on the whole subject. I trust that the procedure I have suggested will commend itself to the House.

26. The budget which I have presented to-day must, I think, give the Assembly reasonable cause for satisfaction, and it may fairly be claimed by Government as affording evidence of the success of the policy vigorously pursued during the last five or six years. During that period, the railways of India, whether regard be had to their actual working, or their financial results, have improved more rapidly than at any previous period in their history. Six years ago, owing to the wagon shortage and the suspension during the war of the provision of new traffic facilities, the railways were unable to deal with the goods traffic offering without prolonged delays which were a source of annoyance to the mercantile community and inflicted serious injury on trade. For two years past our wagon supply has been ample and we have been in a position to deal expeditiously with all the traffic offering even at the busiest season of the year. Six years ago the financial position of the railways was thoroughly unsound, and very heavy increases in railway rates became necessary in order to restore solvency. To-day Railways are not only entirely solvent, but, after making a substantial contribution in relief of taxation and setting aside large sums to the reserve fund as a provision against the bad years that may come, we are able to make a substantial reduction in rates and fares without any apprehension that these may involve us in commitments too heavy for us to carry. Results like these cannot be achieved by any railway administration unless its policy is conceived on sound lines and unless those in charge of its administration possess the practical wisdom to devise the schemes necessary to secure economy and efficiency and the energy which enables them to carry these schemes to fruition. Many have contributed to bring about the satisfactory results which we see, and I sometimes doubt whether we give nearly enough credit to the

great body of the Railway servants of India. It is they, after all, who bear the burden and heat of the day, and every reform which is introduced means months of hard and unremitting toil for many officers. The modernization of our workshop methods, to take only one example, has involved an infinitely careful planning and strenuous effort on the part of all concerned, and I am glad to take this opportunity of acknowledging what we owe to the officers responsible. But while many have done well the main burden of responsibility has rested on the shoulders of two men—His Excellency Sir Charles Innes, now Governor of Burma, and Sir Clement Hindley, the Chief Commissioner of Railways. (Applause). I do not think, Sir, it will be out of place if I put on record to-day my deep conviction of the great debt which India owes to both of them for the work which they have done for the Railways of India.

27. There is another aspect of the case to which I must also refer. In all our calculations and estimates there is one element of uncertainty which can never be eliminated but will continue to affect the railway budget until the day comes when we have shut down our railways altogether and embark precariously in the motor car or the aeroplane—I mean the monsoon. Against that contingency we have provided, as far as possible, by means of our railway reserve fund. But in some of the years which followed the war there was another element of uncertainty almost equally serious which profoundly affected railway finance—I mean the variations in the exchange ratio. That factor has now been eliminated, I hope and believe permanently, by the legislation which was passed in March 1927. I do not wish to enter upon controversial topics, but it is important that every member of the House should realise clearly that variability in the exchange ratio introduces instability into the railway budget, that instability necessarily weakens confidence, and that this lack of confidence will certainly be reflected in an ultra conservative financial policy. If indeed we are anxious, as I believe every member of the House is anxious, to facilitate trade by the reduction of rates and fares and by the progressive improvement of the Indian railway system, then a stable rupee is one of the very first requisites. In this matter we in the Railway Department, as in many others, owe a very deep debt of gratitude to my Honourable Colleague Sir Basil Blackett, and I should like to take this opportunity of acknowledging on behalf of the Railway Department the assistance we have invariably received from his broad-minded and courageous outlook on all our railway financial problems. We owe him much in connection with the separation of railway and general finance and in many other matters too numerous to mention. But I am not sure that our deepest debt of all is not due to him for the work he did in stabilising the rupee, although in that matter the railways were only a subordinate issue.

28. The last matter to which I wish to refer is this. I have claimed on behalf of the Railway Department that the budget I have presented testifies to the success of the railway policy of the Government of India, and I have discussed some of the factors which made our success possible. But there is one aspect of it to which I have not referred, namely, that it has been based on co-operation between the Government and this House. I have not yet been present during the discussion of a railway budget, but I have heard it whispered that at times the spirit of co-operation has not always been visibly present, that speakers on the non-official benches have complained of the slowness of Government to give effect to strongly expressed views on Indianisation and other matters, and that those who sit in the benches on this side of the House have felt that something

less than justice was done by the critics to the admirable work of our Railway officers. In a week's time Mr. President, I shall be able to form my own opinion as regards that. But whatever acrimonies may from time to time have flavoured all our railway debates, I am quite sure that there has been a great deal of practical co-operation, and that this co-operation has been largely responsible for any success we have achieved. It was in agreement with this Assembly that the convention for the separation of railway finance was settled, and we continually receive practical proof of the spirit of co-operation throughout the year in the proceedings of the Standing Finance Committee. I should like to take this opportunity of acknowledging the debt which we owe to the members of that Committee for the interest they display in railway matters and for the assistance we receive from their work not only in connection with the projects placed before them from time to time, but also in connection with the preparation of the present budget.

29. Mr. President, it is time that I should bring my remarks to a conclusion. In what I have said I have had my eye chiefly on the past and the present, and I have said very little about the future. And yet a man with any imagination charged with some degree of responsibility for the administration of the railways of India must naturally have many thoughts regarding the possibilities of the future and the measures that ought to be taken in order that we may be ready to deal with all that the future has in store for us. But on these matters I will not dwell, not merely because I am unwilling to weary the House, and not only because it is unwise to prophesy until you know, but mainly perhaps because of a profound conviction of the truth of the old saying—

"Let not him that putteth on his armour boast himself as he that taketh it off."

BUDGET

OF THE

Railway Revenue and Expenditure of the Government of India,

February 1928

ACCOUNTS	1926-27
REVISED ESTIMATES	1927-28
BUDGET ESTIMATES	1928-29

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1.—Statement of the Revenue of the Centra

HEADS OF REVENUE.	Accounts, 1926-27.				Revised Estimate	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings :—						
Upper class . .	4,38,43,175	...	...	4,38,43,175	4,55,10,000	...
Lower class . .	30,40,74,013	...	...	30,40,74,013	31,67,98,000	...
Other coaching traffic earnings.	6,06,96,134	...	...	6,06,93,134	6,12,62,000	...
Goods traffic earnings .	61,48,93,665	...	...	61,48,93,665	64,43,83,000	...
Hire charges and other payments from Railways.	61,71,467	...	...	61,71,467	71,02,000	...
Sundry earnings . .	1,67,63,962	2,84,356	95,896	1,71,42,234	1,73,94,000	6,44,000
Total earnings .	1,04,64,47,436	2,82,356	95,896	1,04,68,20,088	1,09,24,49,000	6,44,000
Deduct— Refunds of Revenue.	*35,08,151*	...	...	*35,08,151*	*25,00,000*	...
Deduct— Earnings of worked lines.	*6,76,85,390*	...	...	*6,76,85,390*	*6,85,60,000*	...
Earnings of State Railways.	97,52,53,895	2,82,356	95,896	97,56,32,147	1,02,13,89,000	6,44,000
Suspense . . .	+5,79,611	...	...	—5,79,611	...	...
Gross receipts of State Railways.	97,46,74,284	2,82,356	95,896	97,50,52,536	1,02,13,89,000	6,44,000
Deduct—Working expenses of State Railways.*	*62,03,43,795*	*37,00,402*	*12,56,300*	*62,53,00,497*	*62,15,04,000*	46,12,000
Surplus profits paid to Indian States and railway companies.	*1,65,55,739*	...	...	*1,65,55,739*	*1,58,00,000*	...
Net receipts . . .	33,77,74,750	—34,18,046	—11,60,404	33,31,96,300	38,40,85,000	—39,67,000
(b) Strategic lines—						
Gross receipts . .	1,53,45,101	...	...	1,53,45,101	1,54,65,000	...
Deduct—Working expenses	*1,86,71,543*	...	...	*1,86,71,543*	*1,85,49,000*	...
Net receipts . . .	—33,26,442	...	...	—33,26,442	—30,84,000	...
Total net receipts, Commercial and Strategic lines.	33,44,48,308	—34,18,046	—11,60,404	32,98,69,858	38,10,01,000	—39,67,000
XII.—Subsidized Companies: Government share of surplus profits.	14,27,478	15,93,057	6,50,469	39,71,604	11,86,000	25,75,000
XII-A. Miscellaneous Railway Receipts—						
Interest on Depreciation and Reserve Funds balances.	63,91,750	...	...	63,91,750	82,30,000	...
Dividend on investments in branch lines and other Miscellaneous Receipts.	4,75,175	...	...	4,75,175	5,00,000	...
Total receipts .	34,27,42,711	—15,24,389	—5,09,935	34,07,08,387	39,09,17,000	—13,92,000

*For details see statement 1 (a).

J. M. HARTLEY,
Accountant General, Railways.

New Delhi,
Railway Department ;
The 20th February 1928.

Government from railways in India and England,

1927-28.		Increase (+) Decrease (—) as compared with the Budget Estimate, 1927-28.	Budget Estimate, 1928-29.				Increase (+) Decrease (—) as compared with the Revised Estimate, 1927-28.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	4,55,10,000	+17,15,000	4,63,25,000	...	...	4,63,25,000	+7,15,000
...	31,67,98,000	+21,55,000	31,40,30,000	...	...	31,40,30,000	—27,68,000
...	6,12,62,000	+9,77,000	5,72,27,000	...	...	5,72,27,000	—40,35,000
...	64,43,83,000	+2,79,39,000	64,50,06,000	...	...	64,50,06,000	+6,23,000
...	71,02,000	+5,52,000	66,52,000	...	...	66,52,000	—4,50,000
2,000	1,50,40,000	+9,90,000	1,75,66,000	6,44,000	...	1,62,10,000	+1,70,000
2,000	1,09,30,95,000	+3,23,76,000	1,08,67,06,000	6,44,000	...	1,08,73,50,000	+57,45,000
...	*25,00,000*	*+7,00,000*	*25,00,000*	...	...	*25,00,000*	...
...	*6,85,60,000*	*+5,60,000*	*6,83,10,000*	...	...	*6,83,10,000*	*—2,50,000*
2,000	1,02,20,35,000	+3,23,16,000	1,01,58,96,000	6,44,000	...	1,01,65,40,000	+54,95,000
...	...	...	...	...	...	...	...
2,000	1,02,20,35,000	+3,22,16,000	1,01,58,96,000	6,44,000	...	1,01,65,40,000	+54,95,000
16,000	*62,61,31,000*	*—62,19,000*	*62,16,92,000*	*45,76,000*	...	*62,61,78,000*	*+47,000*
...	*1,58,00,000*	*+16,76,000*	*1,82,00,000*	...	...	*1,82,00,000*	*+24,00,000*
—14,000	38,01,04,000	+3,67,60,000	37,60,94,000	—39,32,000	...	37,21,62,000	+79,42,000
...	1,54,65,000	+3,40,000	1,59,60,000	...	...	1,59,60,000	+4,95,000
...	*1,85,49,000*	*+12,01,000*	*1,87,22,000*	...	...	*1,87,22,000*	*+1,73,000*
...	—30,84,000	+15,41,000	—27,62,000	...	...	—27,62,000	+3,22,000
—14,000	37,70,20,000	+3,83,01,000	37,33,32,000	—39,32,000	...	36,94,00,000	+76,20,000
9,000	37,70,000	+7,17,000	22,53,000	24,27,000	...	46,80,000	+9,10,000
...	83,30,000	+7,64,000	1,04,20,000	...	...	1,04,20,000	+21,90,000
...	5,00,000	+25,000	5,00,000	...	...	5,00,000	...
—5,000	38,95,20,000	+3,98,07,000	38,65,05,000	—15,05,000	...	38,50,00,000	—45,20,000

A. A. L. PARSONS,
Financial Commissioner.

1(a).—Statement of Working Expenses of State

Heads of working expenses.	Accounts, 1927-28.				Revised Estimate.	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration	12,24,69,272	37,00,402	12,56,300	12,74,25,974	12,50,74,000	42,11,000
Repairs and maintenance	17,64,54,114	...	...	17,64,54,114	17,47,40,000	...
Operation	24,99,25,180	...	...	24,99,25,180	24,44,09,000	4,00,000
Depreciation	10,53,14,246	...	...	10,53,14,246	11,02,31,000	...
Suspense	—5,66,526	...	...	—5,66,526	...	...
Total	65,35,96,286	37,00,402	12,56,300	65,85,52,988	65,44,54,000	46,11,000
Deduct—Share of Worked Lines.	3,32,52,491	...	...	3,32,52,491	3,29,50,000	...
Working Expenses	62,03,43,795	37,00,402	12,56,300	62,53,00,497	62,15,04,000	46,11,000

J. M. HARTLEY,
Accountant General, Railways.

New Delhi,
Railway Department;
The 20th February 1928.

Railways—Commercial Lines.

1927-28.		Increase (+) Decrease (−) as compared with Budget, 1927-28.	Budget Estimate, 1928-29.				Increase (+) Decrease (−) as compared with Revised, 1927-28.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
15,000	12,93,00,000	+13,00,000	12,64,24,000	41,76,000	...	13,06,00,000	+13,00,000
...	17,47,40,000	−68,60,000	16,84,00,000	...	...	16,84,00,000	−63,40,000
1,000	24,48,10,000	−50,90,000	24,41,00,000	4,00,000	...	24,45,00,000	−3,10,000
...	11,02,31,000	−5,19,000	11,56,28,000	...	...	11,56,28,000	+53,97,000
...	...	...	...	...	...	...	...
16,000	65,90,81,000	−1,11,69,000	65,45,52,000	45,76,000	...	65,91,28,000	+47,000
...	3,29,50,000	−49,50,000	3,29,50,000	...	...	3,29,50,000	...
16,000	62,61,31,000	−62,19,000	62,16,02,000	45,76,000	...	62,61,78,000	+47,000

A. A. L. PARSONS,

Financial Commissioner.

2.—Statement of the expenditure on railways charged to

Heads of Expenditure.	Accounts, 1926-27.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
Interest: commercial lines:						
on Government capital at charge	13,04,25,513	7,41,66,459	2,52,52,947	22,98,49,919	14,85,42,000	10,17,29,000
on capital contributed by Indian States and Companies.	3,05,962	1,14,90,660	38,93,281	1,56,89,903	3,17,000	1,48,16,000
Total interest, commercial lines	13,07,31,475	8,56,57,119	2,91,46,228	24,55,34,822	14,88,59,000	11,65,45,000
Interest, strategic lines	1,31,35,059	...	...	1,31,35,059	1,35,33,000	...
Total interest	14,38,66,534	8,56,57,119	2,91,46,228	25,86,69,881	15,77,92,000	11,65,45,000
11. Subsidized Companies: Land and subsidy.	5,21,204	...	...	5,21,204	8,00,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	58,54,249	5,08,823	1,67,175	65,30,247	23,81,000	8,23,000
Strategic lines	20,857	...	...	20,857	2,85,000	...
Payments to general revenues—						
Contribution*	6,01,13,210	...	...	6,01,13,210	5,48,95,000	...
One-third of the excess of railway surplus over three crores.	...	...	...	...	86,63,000	...
Total payment to general revenues	6,01,13,210	...	...	6,01,13,210	6,35,58,000	...
12A—Surplus Railway Revenue transferred to Reserve	1,48,52,988	...	...	1,48,52,988	4,73,26,000	...
Total	22,52,29,042	8,61,65,943	2,93,13,403	34,07,08,387	27,17,42,000	11,73,68,000

* For details see Statement 2 *(a)*.

J. M. HARTLEY,
Accountant General, Railways.

New Delhi,
Railway Department;
The 20th February 1928.

the revenue of the Central Government in India and in England.

1927-28.		Increase (+) Decrease (—) as compared with Budget, 1927-28.	Budget Estimate, 1928-29.				
Exchange.	Total.		India.	England.	Exchange.	Total	Increase (+ Decrease (— as compared with Revised, 1927-28.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,55,000	24,56,26,000	+10,62,000	15,60,38,000	10,46,64,000	...	26,07,02,000	+1,50,76,000
52,000	1,51,55,000	+2,53,000	3,20,000	1,49,48,000	...	1,52,68,000	+83,000
4,07,000	26,08,11,000	+13,15,000	15,63,58,000	11,96,12,000	...	27,59,70,000	+1,51,59,000
...	1,35,33,000	—1,67,000	1,40,00,000	...	...	1,40,00,000	+4,67,000
4,07,000	27,43,44,000	+11,48,000	17,03,58,000	11,96,12,000	..	28,99,70,000	+1,56,26,000
...	8,00,000	—4,76,000	10,00,000	...	...	10,00,000	+2,00,000
3,000	32,07,000	—10,45,000	33,03,000	8,72,000	...	41,75,000	+9,68,000
...	2,85,000	+2,62,000	25,000	...	...	25,000	—2,60,000
...	5,48,95,000	+87,000	5,22,85,000	...	...	5,22,85,000	—26,10,000
...	86,63,000	+86,63,000	25,15,000	...	...	25,15,000	—61,48,000
...	6,35,58,000	+87,50,000	5,48,00,000	...	...	5,48,00,000	—87,58,000
...	4,73,26,000	+3,11,68,000	3,50,30,000	...	...	3,50,30,000	—1,22,96,000
4,10,000	38,95,20,000	+3,98,07,000	26,45,16,000	12,04,84,000	...	38,50,00,000	—45,20,000

A. A. L. PARSONS,
Financial Commissioner.

2 (*a*).—Contribution from Railway to general revenues, 1927-28.

(Based on actuals, 1925-26.)

	Rs.	Rs.
1. 1 per cent. on capital of 6,00,36,79,855 at charge, commercial lines	...	6,00,36,799
2. (*i*) Receipts—		
Gross traffic receipts, commercial lines	98,05,93,360	
Interest on Depreciation and Reserve Fund balances	52,69,640	
Dividend on investment in branch lines and miscellaneous receipts	66,451	
Subsidised Companies, share of surplus profits	35,07,118	
		98,94,36,569
(*ii*) Charges—		
Working expenses, commercial lines	62,61,82,460	
Indian States and Railway Companies' share of surplus profits	1,77,41,943	
Interest—		
On capital at charge, commercial lines	21,83,18,316	
On capital contributed by Indian States and Companies	1,66,99,010	
Land and subsidy	4,38,351	
Miscellaneous Railway expenditure	25,94,699	
Contribution at 1 per cent. on capital at charge, commercial lines	6,00,36,799	
		94,20,11,578
(*iii*) Surplus	...	4,74,24,991
(*iv*) Contribution of one-fifth of surplus	...	94,84,998
3. (*i*) Total contribution from railway revenues [1 *plus* 2 (iv)]	...	6,95,21,797
Deduct—Loss on strategic lines borne by railway revenues—		
(*i*) Interest on capital of 30,94,88,993	1,30,94,196	
(*ii*) Loss in working	15,33,052	
		1,46,27,248
(ii) Net payment due from railway to general revenues in 1927-28	...	5,48,94,549

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner.

NEW DELHI,
RAILWAY DEPARTMENT;
The 20th February 1928.

2 (*a*).—Contribution from Railway to General Revenues, 1928-29.

(Based on actuals, 1926-27.)

	Rs.	Rs.
1. 1 per cent. on capital of 6,29,56,51,923 at charge, commercial lines	...	6,29,56,519
2. (i) Receipts—		
Gross traffic receipts, commercial lines	97,50,52,536	
Interest on Depreciation and Reserve Fund balances	62,51,651	
Dividend on investments in branch lines and miscellaneous receipts	4,75,175	
Subsidised Companies' share of surplus profits	39,71,604	
(ii) Charges—		98,57,50,966
Working expenses, commercial lines	62,53,00,497	
Indian States and Railway Companies' share of surplus profits	1,65,55,739	
Interest—		
On capital at charge, commercial lines	22,98,44,919	
On capital contributed by Indian States and Companies	1,56,89,903	
Land and subsidy	5,21,204	
Miscellaneous railway expenditure	65,30,247	
Contribution at 1 per cent. on capital at charge, commercial lines	6,29,56,519	
		95,73,99,028
(iii) Surplus	...	2,83,51,938
(iv) Contribution of one-fifth of surplus	...	56,70,388
3. (i) Total contribution from railway revenues [1 *plus* 2 (iv)]	...	6,86,26,907
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital of 31,60,50,135	1,31,35,059	
(ii) Loss in working	32,07,200	
		1,63,42,259
(ii) Net payment due from railway to general revenues in 1928-29	...	5,22,84,648

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner.

NEW DELHI;
RAILWAY DEPARTMENT;
The 20th February 1928.

3.—Statement of receipts of the Central Government in India and England for State

Heads of Account.	Accounts, 1926-27.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XLI.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways . . .	59,275	...	...	59,275	...	...

J. M. HARTLEY,
Accountant General, Railways.

New Delhi,
Railway Department;
The 20th February 1928.

Capital contributed by Railway Companies and Indian States towards outlay on Railways.

1927-28.			Budget Estimate, 1928-29.				
Exchange.	Total.	Increase (+) Decrease (—), as compared with Budget, 1927-28.	India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1927-28.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	...	—2,58,92,000	...	2,03,80,000	...	2,03,80,000	+2,03,80,000

A. A. L. PARSONS,
Financial Commissioner.

4.—Statement of the Capital Expenditure of the

Heads of Expenditure.	Accounts, 1926-27.				Revised Estimate.	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue :—						
53.—Construction of State Railways :—						
(a) Commercial Lines—						
Open Line Works—						
Rolling Stock . . .	...	...	...	4,17,90,000	...	...
Other Works . . .	...	...	...	16,99,98,804	...	...
New Lines	...	...	...	6,59,20,596	...	...
Suspense	...	...	...	—1,04,95,000	...	...
(b) Strategic Lines . . .	...	...	...	50,64,139	...	...
Total .	15,94,11,069	8,40,99,799	2,87,67,671	27,22,78,539	17,45,65,000	12,50,00,000
Deduct—Probable Savings . . .	...	...	...	...	...	...
Net .	15,94,11,069	8,40,99,799	2,87,67,671	**27,22,78,539**	17,45,65,000	12,50,00,000
53-A.—Discharge of Debentures . .	...	1,96,89,000	66,84,425	2,63,73,425	...	66,67,000
54.—Redemption of liabilities involved in purchase of Railways . .	...	...	...	...	...	...

J. M. HARTLEY,
Accountant General, Railways.

New Delhi,
Railway Department ;
The 20th February 1928.

Central Government in India and England on Railways.

1927-28.			Budget Estimate, 1928-29.				
Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1927-28.	India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1927-28.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	5,52,58,000	—24,85,000	...	...	...	5,23,30,000	—29,28,000
...	14,54,51,000	—4,39,59,000	...	...	...	13,04,73,000	—1,49,78,000
...	8,50,00,000	—6,20,04,000	...	...	...	10,71,12,000	+2,21,12,000
...	46,91,000	+1,07,99,000	...	...	...	—1,00,47,000	—1,47,38,000
...	96,00,000	—29,000	...	...	...	76,00,000	—20,00,000
4,35,000	30,00,00,000	—9,76,81,000	16,09,87,000	12,64,81,000	...	28,74,68,000	—1,25,32,000
...	...	—14,76,81,000	76,54,000	3,93,14,000	...	4,74,68,000	+4,74,68,000
4,35,000	30,00,00,000	+5,00,00,000	15,33,33,000	8,66,67,000	...	24,00,00,000	—6,00,00,000
23,000	66,90,000	—2,64,96,000	...	2,03,80,000	...	2,03,80,000	+1,36,90,000
...	...	...	...	4,00,00,000	...	4,00,00,000	+4,00,00,000

A. A. L. PARSONS,
Financial Commissioner.

A.—Railway Depreciation Fund.

	Accounts, 1926-27.	Budget Estimate, 1927-28.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.		Accounts, 1926-27.	Budget Estimate, 1927-28.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	5,74,46,867	8,78,57,866	8,58,40,481	9,27,40,481	Appropriation from Depreciation Fund.	8,04,64,667	9,00,00,000	10,70,00,000	9,00,00,000
Appropriation to Depreciation Fund.	10,88,58,281	11,50,00,000	11,39,00,000	11,95,00,000	Closing balance.	8,58,40,481	11,28,57,866	9,27,40,481	12,22,40,481
TOTAL .	16,63,05,148	20,28,57,866	19,97,40,481	21,22,40,481	TOTAL .	16,63,05,148	20,28,57,866	19,97,40,481	21,22,40,481

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner.

NEW DELHI,
RAILWAY DEPARTMENT;
The 20th February 1928

B.—Railway Reserve Fund.

	Accounts, 1926-27.	Budget Estimate, 1927-28.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.		Accounts, 1926-27.	Budget Estimate, 1927-28.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	9,79,09,373	9,72,03,373	11,27,62,361	16,00,88,361	Appropriation from Reserve Fund.	...	...	...	...
Appropriation to Reserve Fund.	1,48,52,988	1,61,58,000	4,73,26,000	3,50,30,000	Closing Balance.	11,27,62,361	11,33,61,373	16,00,88,361	19,51,18,361
TOTAL .	11,27,62,361	11,33,61,373	16,00,88,361	19,51,18,361	TOTAL .	11,27,62,361	11,33,61,373	16,00,88,361	19,51,18,361

J. M. HARTLEY,
Accountant General, Railways.

A. A. L. PARSONS,
Financial Commissioner.

NEW DELHI,
RAILWAY DEPARTMENT;
The 20th February 1928.

Speech by the Hon'ble Sir Austen Hadow, Chief Commissioner of Railways, in presenting the Railway Budget for 1928-29 in the Council of State.

INTRODUCTORY.

I rise to present to the Council a statement of the estimated expenditure and revenue of the Governor General in Council for the year 1928-29 in respect of railways.

2. As an introduction to a more detailed explanation of the budget, I think it is desirable that I should give a brief description of our railway property in order to present a more comprehensive picture to the Council and will quote a few figures. At the commencement of this financial year, *i.e.*, on April 1st, 1927, our mileage of railways opened to public traffic was 39,049, which means that in the year 1926-27, 421 miles of new lines were added to our previous total. Of this total the State owned 28,004 miles, Companies and District Boards 6,001, and Indian States 5,044 miles. The capital at charge of the State-owned railways on the same date was 701 crores out of a total capital of 789 crores. There was a reduction in the mileage of railways owned by Companies and District Boards in that year, this being due to the purchase by the State of the Delhi-Umbala-Kalka Railway, which was effected in the year 1926-27. By the end of March next, that is the end of this financial year, it seems likely that the total mileage of railways in India will have risen to close on 40,000 ; I shall deal more at length with our new construction programme presently.

3. I would remind the Council that, although the State-owned mileage amounted to 28,004 miles, four only of the big railway systems, namely, the North Western, East Indian, Great Indian Peninsula and Eastern Bengal Railways are managed directly by the State ; six others in which the State is the predominant partner are worked by Companies under contract with the Secretary of State, and there are others worked by Companies in which distinct parts are owned by the Government and the Company. The Budget figures are arrived at, therefore, not only from the earnings and working expenses of the four State-managed lines mentioned above, but also from the results obtained on those railways in which Government is a part owner. Moreover, there are yet other lines owned by Companies, etc., on which Government has guaranteed a certain return to the owners and is entitled to a share of surplus profits, when earned ; many such lines also are worked by the big railway administrations on behalf of the owners for a fixed proportion of the gross receipts ; the results of all these affect the Budget in some measure. It is hardly possible to enter into a more specific definition of the varied contractual relations between the Secretary of State and such owners without wearying the Council with details, and my object is merely to show that there is a very small mileage of railways in India which does not affect the Budget figures in some degree, and the calculation of these figures is consequently a somewhat complicated business.

4. It must also be realised, as was pointed out by Sir Clement Hindley last year, that the responsibilities of the Railway Department are not limited to the administrative and financial control, the extent of which is illustrated by the Budget figures, but are largely augmented by their obligations in regard to the safe and efficient working of all railways and by questions of a technical nature which require a reference to the Government of India.

5. The members of this Council will shortly have in their hands a mass of information about the Budget and the financial position of the railways at the present time, but I will now proceed to explain briefly the main features of our revised estimates for the current year, so far as they are available up to date, and our anticipations for the year 1928-29. I may add that we have a considerable mileage of strategic lines on the North West Frontier of India, which form a part of the North Western Railway system and are treated distinctly in the accounts, as the interest on the capital cost of them and the loss on their working are met from the General Revenues. The distinction between the commercial lines and strategic lines is followed throughout the Budget papers, and for the purpose of my explanatory remarks I shall deal generally with the commercial lines only.

6. As a preliminary, I will refer to the final results for the year 1926-27. A year ago, when the Budget for the current year was put forward, it was anticipated that it would be necessary to withdraw 7 lakhs from the reserve in order to pay the contribution to General Revenues. The last few weeks of the financial year 1926-27, however, gave us unexpectedly good earnings; as a result of this, and of a large saving in working expenses, as compared with our revised estimate, we were able not only to fulfil our obligations to the General Revenues without drawing upon our reserves, but were able to add to our reserve fund about 1½ crores of rupees, bringing that fund up to a total of well over 11 crores. I should like to invite the attention of the members of this House to the Report on Indian Railways for the year 1926-27 which has lately been published, which contains much matter for thought and study by those who have leisure and desire to understand something of the activities of the Railway Board apart from the intricacies of the Budget.

Revised Estimate, 1927-28.

7. After a disappointing year in 1926-27 which, in spite of a bright finish yielded total gross receipts about half a crore less than the previous year, the current year has shown very much improved results. Throughout the year, so far, except for four weeks in July and August, when the railways in Guzerat and Orissa were seriously affected by floods, our earnings have been consistently higher than last year, and all descriptions of traffic have contributed to the improved results. We still have a few weeks of the current financial year to run, but on the latest information available, it is anticipated that our gross receipts from commercial lines will amount to nearly 103½ crores as compared with 100 crores, the figure anticipated in the Budget for the current year which was prepared twelve months ago. This figure of 103½ crores for gross receipts from commercial lines compares with a figure of 98½ crores for the year 1926-27, an increase of 5 crores, and is a considerably higher figure than our previous record year Rs. 99·96 crores in 1924-25.

8. As already stated the increase is well spread over all descriptions of traffic, and it is, moreover, shown in the results of almost every individual railway, in fact there is only one railway, the Bombay, Baroda and Central India Railway, which does not show an appreciable development of traffic. For the first seven months of the year, that is up to the end of October last, we carried 361 million passengers, or 7½ million more than in the same period of the previous year; the corresponding figure for passenger miles, 12,050 millions, is an increase of 6 per cent. on the previous year. This increase can no doubt be partly attributed to the stimulus given by certain reductions in fares in the last 2 years. Under goods traffic there was an increase of nearly 400 million ton miles in these first seven months, and for the full year it is anticipated that the increase will be 700 million ton miles over 1926-27. The improvement appears under nearly all commodities as shown by the figures of

wagons loaded, some particulars of which will be found in the Budget Memorandum.

9. Turning to working expenses, it will be seen that our working expenses are expected to exceed those of 1926-27 by Rs. 8 lakhs only in spite of the large increase of traffic. Now one of the items which make up the working expenses total is the annual contribution to the Depreciation Fund, and this contribution gradually rises with the increasing capital value of the railway property, so that in 1927-28 it will be 49 lakhs higher than it was in the previous year. If, therefore, our revised estimate works out as we anticipate, we shall be carrying the large increased traffic of the current year for an actual expenditure, apart from the increased provision for depreciation, 41 lakhs less than the carriage of the smaller traffic of 1926-27 cost us, a result from which we are, I submit, entitled to derive a good deal of satisfaction. In two directions the detailed figures will, I hope, be of much interest to the Council. With the better equipment, and more particularly with the better methods, which have been introduced in our workshops, our bill for the repair and maintenance of rolling stock of all descriptions is showing a most gratifying decrease. In the current year arrears of repairs have been caught up on a larger number of our important railways, and we are able to suggest in the revised estimates that the cost of repairing and maintaining locomotives will be over 25 lakhs less than in 1926-27 and about 33 lakhs less than we budgetted for, the repair and maintenance of coaching vehicles will be 7 lakhs less than the previous year and 21 lakhs less than we expected last February, and the repair and maintenance of goods vehicles will be 15 lakhs less than last year and 37 lakhs less than the Budget figure. These reductions represent a real improvement in the cost of keeping our rolling stock in good order, and I hope the Council will agree with me that they reflect very great credit on the Mechanical Departments of the various railways who deserve to be congratulated on the success of their strenuous efforts. We have an equally welcome reduction in operating costs to show. Here I think it is sufficient to mention a reduction of nearly half a crore in the cost of fuel. This is of course to a considerable extent due to the fall in the price of coal, but it is also to be attributed to the effect of the measures which we have taken in recent years to secure more economical coal consumption. Of our other charges I need only mention in this brief review a rise of 152 lakhs in interest, due of course to the large capital expenditure which we are now incurring on the improvement and expansion of Indian State Railways.

10. We arrive then at an anticipated total of 90 crores 67 lakhs for the total charges, and in the result the Revised Estimate shows that the difference between the gross receipts and total expenditure on commercial lines for the whole year 1927-28 is expected to yield a net gain of $12\frac{3}{4}$ crores, or nearly 4 crores in excess of the Budget, and that, after deducting the loss on working strategic lines and paying the required contribution of Rs. 6·36 crores to General Revenues, we shall be able to add a sum of nearly $4\frac{3}{4}$ crores to our Reserve Fund. If these anticipations are realised, we shall have a total of over 16 crores in our Reserve Fund at the end of this financial year, as well as a total of 9 crores or so in our Depreciation Fund, and we, therefore, considered it incumbent on us to take stock of our position. In connection with the question of our Reserve Fund, I should like to invite the attention of members of this Council to the remarks made by Sir Clement Hindley a year ago. He remarked that we have to learn by experience what amount we require in our reserve and pointed out that in that year 1926-27 we had to face a set-back in earnings. Now the set-back experienced in 1926-27 was not a serious one; it could not be classed as a really bad year for Indian Railways, and the possibility

of having to meet a series of really bad years must always be borne in mind. Nevertheless, after a careful examination of our position, not forgetting that our contribution to General Revenues will increase with our capital expenditure at the rate of about Rs. 25 lakhs a year, and remembering that on a good deal of our capital expenditure we cannot expect an immediate adequate return, we consider we can face an appreciable reduction of some of our rates and fares.

11. We anticipated some months ago that we might be able to face the initial loss of making some reductions in rates and fares, and consequently the ground had been prepared by making a preliminary investigation last August in order to determine the general lines that should be followed. More recently the matter has been examined in more detail, and our conclusions will be found in the Budget memorandum. It will be recognised that discrimination was necessary because we could not at once afford an all-round reduction and had to determine in what directions the first benefit should be given. I will now mention briefly the reductions we are making. first, there is our friend and good client the third class passenger; he will be saved ½ a pie per mile on journeys of over 50 miles on the East Indian, North Western and Great Indian Peninsula Railways. There are certain Company-worked railways also, which we hope may be prepared to effect some reductions in fares, but the negotiations with them will at any rate delay their introduction somewhat. This, with the abolition of the distinction in Intermediate and Third class fares between mail and ordinary train, which will be effected on the East Indian and Great Indian Peninsula Railways, is estimated to cost us 122 lakhs on a full year with the existing traffic, but I hope a large increase in travelling will be the response to this reduction. Next, affecting our receipts from other coaching traffic, we propose to take in hand the present parcels and luggage rates, which are very much higher than they were at the end of the war. These are to be reduced by about 15 per cent., and the method of charging is also to be changed to the advantage of the trade, and we hope particularly of the retail trader. A revised scale for horses, live stock and motor cars is worth mentioning, especially as the big Delhi Horse Show is fresh in all our minds; as an example of the effect of this I may say, that, whereas it would cost Rs. 118 to bring a horse to Delhi from Sargoda under the existing scale, it will only cost Rs. 88-8-0 under the new scale. Then there are very substantial reductions of rates for kerosine oil, manures and oil cake, jaggree, petrol, as well as certain reductions on the East Indian and North Western railways for grains, pulses and seeds, and the removal of certain anomalies in rates, which have existed on the enlarged East Indian Railway system since the old Oudh and Rohilkhand Railway was made a part of it. The commodities mentioned are those selected as most likely to respond quickly to a reduction in rates; it is clear that this is the criterion from which to judge whether present rates tend to hinder the development of traffic, and our first aim has been to reduce such rates. The most important of these are the reduction on kerosine oil and the removal of anomalies in rates on the enlarged East Indian Railway system; the latter is estimated to take away 33 lakhs from our earnings, but is clearly the right thing to do. It has been calculated that these reductions in rates and fares taken together would cost us over 3 crores on a full year's working if we failed to obtain from them the increased business which we confidently expect.

Budget Estimate, 1928-29.

12. If we turn now to our anticipations for next financial year, it will be seen from the tabular statement in paragraph 26 of the Memorandum that, as compared with our estimated total receipts of just under 103½ crores in 1927-28,

we have assumed receipts of under 103¼ crores next year. That figure is arrived at as follows. It has been estimated that, if we were not to reduce rates and fares as we propose, these total receipts in 1928-29 might amount to 105·19 crores, calculating on a rather smaller increase of earnings than the average because 1927-28 has been such a favourable year. From this total then we must deduct a figure representing the effect which the reductions I have just mentioned will have on our earnings of next year. I have said that on a full year the reduction of earnings would amount to 3 crores, if no immediate development followed on them, but, although some of the reductions can be introduced with immediate effect, there are others of which due notice will have to be given, and they can hardly come into force before June next. Allowing for this and for the expectation that some of the loss will be quickly made good by the stimulus that will be afforded to travelling and to trade, we have assumed that our net loss in 1928-29 will be about 2 crores. We have, therefore, estimated in the Budget for gross receipts from commercial lines of 103·19 crores.

13. Turning now to our estimate of expenditure next year, we have put this at a little over 92½ crores as compared with 90⅝ crores in the current year. Working expenses are practically identical in total with the current year, and the only important increase in expenditure over 1927-28 is under interest charges, which go up by 1½ crores owing to the expansion of capital. As regards working expenses it is worth mentioning that an increase of ½ crore in payments to the Depreciation Fund due to increased capital assets, and a small increase under Administration will, we hope, be both covered by further economies in repairs and maintenance. Although we expect to carry more traffic, we anticipate that the operation expenses of transportation can be kept down to slightly below our Revised Estimate for the current year.

As regards strategic lines, there is little to say; we hope for a small increase in gross traffic receipts and anticipate that the net loss in working these lines, which has to be borne by General Revenues, will be slightly less than in the current year.

14. To sum up briefly then the Budget shows a drop of 24 lakhs in gross receipts as compared with our Revised Estimate for the current year, an increase in expenditure of 188 lakhs, nearly all due to expanding interest charges and a larger provision for depreciation, giving a surplus from commercial lines of rather more than 10½ crores. Out of this estimated surplus over 1½ crores will be used to meet an anticipated loss on strategic lines, our contribution to General Revenues will be about 5½ crores and, if our anticipations are approximately correct, there will be a balance of 3½ crores to credit to the railway reserve.

Capital Expenditure, 1927-28.

15. I turn now to our Capital Budget. Our capital expenditure during the current year is expected to amount to Rs. 30 crores, as compared with a Budget figure of 25 crores. Perhaps I ought to explain that, although twelve months ago it was estimated that the capital expenditure would be 25 crores, railway administrations were allowed to include works involving expenditure of 39¾ crores in 1927-28 in their approved programmes.

This latter figure was what they had asked for, but in the light of the experience of the previous years we believed that the spending capacity of our organisation would limit their progress to the Budget figure of 25 crores. Since the advantages to be expected from the works in question will not be realised until they are completed, it is satisfactory to be able to report that railway administrations now seem likely to make better progress than was

anticipated. Of the total figure of 30 crores shown in the Revised Estimate, about 21¼ crores represent the probable amount to be spent on open line works and rolling stock, and 8¾ crores on new lines, the latter figure being nearly 2½ crores over the amount spent on new lines in 1926-27.

16. As regards new lines, I have mentioned that by the end of March we expect our open mileage of railways in India to approach the figure of 40,000, that is, an increase of over 900 miles during the current year. But this new mileage is not entirely on the State Railways, as something like one-third of it will have been constructed at the cost of Indian States and others. The latter includes the important north to south connection in His Exalted Highness the Nizam's territory from Balharshah to Kazipet, which will shorten very appreciably the distance of the journey from Madras to Delhi and the north of India; some portions of this connection are already open, and it is hoped that the remainder will be opened by the end of this financial year.

Capital Expenditure, 1928-29.

17. Though Railway Administrations have, as I have said, made better progress this year than we anticipated, they have still a large number of works uncompleted, and we want them to spend next year very largely in pushing on with these works, so that the capital employed in them may quickly become productive. For this reason, that is to say, because a larger proportion of their programmes than in recent years will consist of schemes already in hand, the initial delays to the inception of which have been already overcome, we find it unnecessary to make so large an over-allotment of funds to them as in the last few years. We are estimating, therefore, in the coming year for an expenditure of 15 crores on the open lines, but are only allotting 2½ crores more than this figure, showing in the aggregate of the programmes 12¼ for works and 5¼ for rolling stock. A good deal of information in regard to open line works and rolling stock is given in the Budget Memorandum, and the details of allotments for all the larger works are given in the pink books which show the programme of each railway separately. For reasons I have given there are in our programme only a very few large schemes which we find it necessary to commence in 1928-29, the only individual new project which I think it necessary to mention here being the reconstruction of Erode station on the South Indian Railway. Of other items I should like to point particularly to the provision of 3 crores for the improvement of track and strengthening of bridges, the object of this expenditure is the economical and efficient movement of increasing traffic in heavier train loads with more powerful locomotives, and it is clear that for this purpose the work on track and bridges has to be co-ordinated on the various sections of each railway in order that the best results may be obtained. The large electrification schemes in progress in the vicinity of Bombay are responsible for nearly all the expenditure, over 2 crores, allotted under the head electrification, but it has recently been decided to electrify the South Indian Railway suburban services in Madras, so a small provision is made for the commencement of that work. The anticipated expenditure on rolling stock amounts to nearly 9 crores, but about 3½ crores of this is a charge to the Depreciation Fund, so that the capital expenditure will be about 5¼ crores. This includes provision for 549 additional units of coaching stock, each bogie carriage being reckoned as 2 units, and 860 additional metre gauge wagons.

18. For our new construction projects, including those that are already in hand, we have distributed over 11 crores and have estimated that we shall actually spend about 9 crores. Although we have 50 projects already sanctioned, this number is expected to increase to 90 in 1928-29, and of these I

hope that at least 20 will be opened in the course of the year. Taking a reasonably cautious view I think we may hope to add nearly 800 miles to our open mileage in the course of the next financial year.

19. Of these new lines which are already in progress, one of the most important, which has been known as the Central India Coalfields Railway and links up Daltonganj with the western end of the South Karanpura line at Barkakhana, is expected to be opened next year, and I hope also the branch from Anuppur to Karimati, which will eventually be linked up with the former, though this is not proposed immediately. Other lines of some importance which will, I hope, be opened throughout in 1928-29 are the Villupuram-Trichinopoly (108 miles) and the Dindigul-Pollachi (75 miles) in South India, and a part at least of the Kangra Valley Railway. The Assam Bengal, Eastern Bengal and other railways have been busy with short branches, and a number of these are likely to be opened next year. Other projects of major importance, which are in hand but will not progress quickly enough to be opened next year, are the Calcutta Chord Railway including the bridge over the Hooghly at Bally, the Lucknow-Sultanpur-Jaunpur, the Chiniot-Khushab cross connection in the Punjab, the Kalabagh Bridge at Mari Indus, the Raipur Vizianagram, the Sagaing Bridge and Minbu-Pakokku project in Burma both recently sanctioned, and the Trichinopoly-Manamadura Chord in South India.

20. A complete list of the new lines, some already in progress, which are included in next year's programme, is given in Appendix I of the Budget Memorandum. The more important of those which have not yet been commenced are the Dacca-Aricha and Sainthia-Berhampore-Halsa connections in Bengal, the Diva-Dasgaon and Nasik-Belapur-Sheogaon Railway in Bombay, the Lyallpur-Chananwala cross connection in the Punjab, Sind Left Bank Feeder Lines (163 miles) in Sind, the Megna Bridge at Bhairab in Eastern Bengal, and the Salem-Attur-Vridachallam Chord in South India. It must be remembered, however, that some of these new projects have not yet been sanctioned, and in one or two cases it may be found on completion of the survey investigations that the anticipated earnings will not justify construction. Last year Sir Clement Hindley explained at some length the steps we had been taking in organising a programme of new construction work, and I do not propose to go over this ground again. We are still actively pursuing the same policy, and the different large Railway Administrations are continuing their investigation into all possible schemes of development in collaboration with the Local Governments respectively concerned. I might mention that the procedure laid down for obtaining the assistance of the Local Governments in framing programmes for new construction in the various provinces was found to be defective in one particular, and steps have been taken to rectify this.

Recently we have found it advisable to depute one of our senior Civil Engineers to make a tour of inspection of the new lines which are being constructed in certain areas with the object of framing a report on costs and methods of construction in different parts of India. We think it probable that such a report will open up the possibility of effecting appreciable economies and will be of value to us in carrying on the large programme which we have on hand.

It may be of interest to some members of this Council to hear about the two main trunk routes, which were referred to a year ago, namely, the Bombay-Sind and Agra-Karachi connections. As regards the former, investigations are now well on towards completion, and we now have two senior officers working directly under us on a re-examination of the cost and prospects of the latter. Until we have arrived at a better appreciation of the advantages to be obtained from the construction of either of these links, we have considered it premature to enter them in our construction programme, for both of them are dependent

for their financial justification on the development of long distance traffic, a large proportion of which will be taken from lines already in existence.

21. There is one very important figure in the Capital Budget to which I have not yet referred, namely, an item of 4 crores for the purchase of the Burma Railways. Notice has recently been given to the Burma Railways Company of the termination of their contract, and the system will come under State management from 1st January 1929. It has been estimated that, as a result of the purchase, we shall increase our net annual revenue by about half a crore.

General Remarks.

22. Before I close I should like to assure the Council that the activities to which Sir Clement Hindley referred in the concluding part of his speech, delivered 12 months ago, continue to receive our attention. Amongst these I may mention the prevention of fraudulent travelling, publicity, recruitment, the technical question of Bridge Design, and Workshop Reorganisation. As regards the latter, I have previously mentioned the economies which have been effected in our costs of repairs and maintenance of rolling stock, and we hope for yet further improvement in this direction. I refrain from dealing at length with any of these matters, as I think I have already taken up too much of the time of the Council.

23. I must, however, make a brief reference to our standardisation policy which is being energetically pushed on. The various Standing Committees have met at intervals during the past year, and satisfactory progress has been made. The standard designs of locomotives now comprise 8 types for the broad gauge and 6 for the metre gauge, but the work of designing all the details of these engines, which is being done by our Consulting Engineers in England, is taking longer than we expected, and the first consignment of new standard engines has only recently been received. New standard designs of wagons and underframes are also being proceeded with. As regards wagons, I might mention that we have had under investigation for some time the possibility of introducing higher capacity stock with a view to reducing operating costs. The question of the supply of special wagons to meet the requirements of mechanical loading at the collieries is also being considered. Other Committees are dealing with the standardisation of permanent-way fittings, signalling, and interlocking details and engineering structures of various kinds. We have also established recently a new Standing Committee to draw up and revise, where necessary, standard descriptions and specifications for the many classes of materials and stores in use on railways. This Committee, which is composed of the Controllers of Stores of the four State-worked Railways, has just held its first meeting.

24. As I explained at the beginning of my speech, four of the principal railway systems, including the two largest, are under direct State management, while the State owing to its financial interests has to take a considerable part in the control of all or practically all the other important lines. The results of that management during the year, which is coming to a close, and our forecast of what the result should be, if fortune is ordinarily kind to us, next year, are now before the Council. I hope the Council will admit that they prove Indian State Railways to be a live organisation, alive to the need for development of railway communications, alive in the introduction of modern improvements in their workshops, and ready to adopt any changes in operating methods or in standards which are likely to make for efficiency and economy both. They have been enabled and encouraged to follow this forward policy by the greater freedom which they now enjoy in managing their own finances; and for this greater freedom they have the separation of railway finances from general finances to thank.

Schedule of demands for grants for expenditure of the Central Government on Railways for the year 1928-29 submitted for the vote of the Legislative Assembly.

Number of Demand.	Service to which demand relates.	Amount.
		Rs.
	A.—Expenditure from Revenue.	
	Commercial Lines—	
1	Railway Board	11,70,000
2	Inspection	1,67,000
3	Audit	10,44,000
4	Working Expenses : Administration	12,62,00,000
5	Working Expenses : Repairs and Maintenance and Operation.	38,23,50,000
6	Companies' and Indian States' shares of surplus profits and net earnings.	1,82,00,000
9	Appropriation to Depreciation Fund	11,95,00,000
10	Appropriation from Depreciation Fund	9,00,00,000
11	Miscellaneous	15,88,000
12	Appropriation to the Reserve Fund	3,50,30,000
13	Appropriation from the Reserve Fund.	..
14	*Strategic Lines*	1,44,95,000
	B.—Expenditure charged to Capital.	
	Commercial Lines—	
7	New Construction	8,49,00,000
8	Open Line Work	18,67,70,000
15	*Strategic Lines*	75,60,000

Note.—These demands were voted by the Assembly in full.

BUDGET

OF THE

Railway Revenue and Expenditure of the Governor-General in Council,

March 1928.

RAILWAY DEPARTMENT;
New Delhi, the 31st March 1928.

A. A. L. PARSONS,
Financial Commissioner.

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* Published with Government of India, Finance Department Resolution No. 3974-F., dated the 31st March 1928.

1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1926-27.				Revised Estimate	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings :—						
Upper class . .	4,38,43,175	...	...	4,38,43,175	4,55,10,000	...
Lower class . .	30,40,74,013	...	...	30,40,74,013	31,67,98,000	...
Other coaching traffic earnings.	6,06,96,134	...	...	6,06,96,134	6,12,62,000	...
Goods traffic earnings .	61,48,93,665	...	...	61,48,93,665	64,43,83,000	...
Hire charges and other payments from Railways.	61,71,467	...	...	61,71,467	71,02,000	...
Sundry earnings . .	1,67,63,983	2,82,355	95,896	1,71,42,234	1,73,94,000	6,44,000
Total earnings .	1,04,64,43,437	2,82,355	95,896	1,04,68,20,688	1,09,24,49,000	6,44,000
Deduct—Refunds of Revenue.	*35,03,151*	...	...	*35,03,151*	*25,00,000*	...
Deduct—Earnings of worked lines.	*6,76,85,390*	...	...	*6,76,85,390*	*6,85,60,000*	...
Earnings of State Railways.	97,52,53,896	2,82,355	95,896	97,56,32,147	1,02,13,89,000	6,44,000
Suspense . . .	—5,79,611	...	...	—5,79,611	...	...
Gross receipts of State Railways.	97,46,74,285	2,82,355	95,896	97,50,53,536	1,02,13,89,000	6,44,000
Deduct—Working expenses of State Railways.*	*62,06,43,795*	*37,00,402*	*12,56,300*	*62,53,00,497*	*62,15,04,000*	*46,11,000*
Surplus profits paid to Indian States and railway companies.	*1,65,55,739*	...	...	*1,65,55,739*	*1,58,00,000*	...
Net receipts . . .	33,77,74,751	—34,18,047	—11,60,404	33,31,96,300	38,40,85,000	—39,67,000
(b) Strategic lines—						
Gross receipts . .	1,53,45,101	...	...	1,53,45,101	1,54,65,000	...
Deduct—Working expenses	*1,86,71,543*	...	...	*1,86,71,543*	*1,85,49,000*	...
Net receipts . . .	—33,26,442	...	...	—33,26,442	—30,84,000	...
Total net receipts, Commercial and Strategic lines.	33,44,48,309	—34,18,047	—11,60,404	32,98,69,858	38,10,01,000	—39,67,000
XII.—Subsidized Companies: Government share of surplus profits.	14,27,478	13,93,657	6,50,469	39,71,604	11,86,000	25,75,000
XII-A.—Miscellaneous Railway Receipts—						
Interest on Depreciation and Reserve Funds balances.	63,01,750	...	...	63,01,750	82,30,000	...
Dividend on investments in branch lines and other Miscellaneous Receipts.	4,75,175	...	...	4,75,175	5,00,000	...
Total receipts .	34,27,42,712	—15,24,390	—5,09,935	34,07,08,387	39,09,17,000	—13,92,000

*For details see statement 1 (a).

Government from railways in India and England.

1927-28.		Increase (+) Decrease (−) as compared with the Budget Estimate, 1927-28.	Budget Estimate, 1928-29.				Increase (+) Decrease (−) as compared with the Revised Estimate, 1927-28.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	4,55,10,000	+17,15,000	4,62,25,000	...	...	4,62,25,000	+7,15,000
...	31,67,98,000	+21,55,000	31,40,30,000	...	...	31,40,30,000	−27,68,000
...	6,12,62,000	+9,77,000	5,72,27,000	...	...	5,72,27,000	−40,35,000
...	64,43,83,000	+2,79,39,000	64,50,06,000	...	...	64,50,06,000	+6,23,000
...	71,02,000	+5,82,000	66,52,000	...	...	66,52,000	−4,50,000
2,000	1,80,40,000	−9,92,000	1,75,66,000	6,44,000	...	1,82,10,000	+1,70,000
2,000	1,09,30,95,000	+3,23,76,000	1,08,67,06,000	6,44,000	...	1,08,73,50,000	−57,45,000
...	*25,00,000*	*−7,00,000*	*25,00,000*	...	...	*25,00,000*	...
...	*6,85,60,000*	*+3,60,000*	*6,83,10,000*	...	...	*6,83,10,000*	*−2,50,000*
2,000	1,02,20,35,000	+3,22,16,000	1,01,58,96,000	6,44,000	...	1,01,65,40,000	−54,95,000
...	...	...	...	...	...	...	...
2,000	1,02,20,35,000	+3,22,16,000	1,01,58,96,000	6,44,000	...	1,01,65,40,000	−54,95,000
16,000	*62,61,31,000*	*−62,19,000*	*62,16,02,000*	*45,76,000*	...	*62,61,78,000*	*+47,000*
...	*1,58,00,000*	*+16,75,000*	*1,82,00,000*	...	...	*1,82,00,000*	*+24,00,000*
−14,000	38,01,04,000	+3,67,60,000	37,60,94,000	−39,32,000	...	37,21,62,000	−79,42,000
...	1,54,65,000	+3,40,000	1,59,60,000	...	...	1,59,60,000	+4,95,000
...	*1,85,49,000*	*−12,01,000*	*1,87,22,000*	...	...	*1,87,22,000*	*+1,73,000*
...	−30,84,000	−15,41,000	−27,62,000	...	...	−27,62,000	+3,22,000
−14,000	37,70,20,000	+3,83,01,000	37,33,32,000	−39,32,000	...	36,94,00,000	−76,20,000
9,000	37,70,000	+7,17,000	22,53,000	24,27,000	...	46,80,000	+9,10,000
...	82,30,000	+7,64,000	1,04,20,000	...	...	1,04,20,000	+21,90,000
...	5,00,000	+25,000	5,00,000	...	...	5,00,000	...
−5,000	38,95,20,000	+3,98,07,000	38,65,05,000	−15,05,000	...	38,50,00,000	−45,20,000

1(*a*).—Statement of Working Expenses of State

Heads of working expenses.	Accounts, 1926-27.				Revised Estimate	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration . . .	12,24,69,272	37,00,402	12,56,300	12,74,25,974	12,50,74,000	42,11,000
Repairs and maintenance .	17,64,54,114	...	...	17,64,54,114	17,47,40,000	...
Operation	24,99,25,180	...	...	24,99,25,180	24,44,09,000	4,00,000
Depreciation	10,53,14,246	...	...	10,53,14,246	11,02,31,000	...
Suspense	—5,66,526	...	...	—5,66,526	...	...
Total .	65,35,96,286	37,00,402	12,56,300	65,85,52,988	65,44,54,000	46,11,000
Deduct—Share of Worked Lines.	*3,32,52,491*	...	...	*3,32,52,491*	*3,29,50,000*	...
Working Expenses .	62,03,43,795	37,00,402	12,56,300	62,53,00,497	62,15,04,000	46,11,000

Railways—Commercial Lines.

1927-28.		Increase (+) Decrease (−) as compared with Budget, 1927-28.	Budget Estimate, 1928-29.				Increase (+) Decrease (−) as compared with Revised, 1927-28.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
15,000	12,93,00,000	+13,00,000	12,64,24,000	41,76,000	...	13,06,00,000	+13,00,000
...	17,47,40,000	−63,60,000	16,84,00,000	...	...	16,84,00,000	−63,40,000
1,000	24,48,10,000	−50,90,000	24,41,00,000	4,00,000	...	24,45,00,000	−3,10,000
...	11,02,31,000	−5,19,000	11,56,28,000	...	...	11,56,28,000	+53,97,000
...	...	...	...	...	...	...	...
16,000	65,00,81,000	−1,11,69,000	65,45,52,000	45,76,000	....	65,91,28,000	+47,000
...	3,29,50,000	−49,50,000	3,29,50,000	...	...	3,29,50,000	...
16,000	62,61,31,000	−62,19,000	62,16,02,000	45,76,000	...	62,61,78,000	+47,000

2.—Statement of the expenditure on railways charged to

Heads of Expenditure.	Accounts, 1926-27.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
Interest: commercial lines:						
on Government capital at charge .	13,04,25,513	7,41,66,459	2,52,52,947	22,98,49,919	14,35,42,000	10,17,29,000
on capital contributed by Indian States and Companies.	3,05,961	1,14,90,661	38,93,281	1,56,89,903	3,17,000	1,48,16,000
Total interest, commercial lines . .	13,07,31,474	8,56,57,120	2,91,46,228	24,55,34,822	14,38,59,000	11,65,45,000
Interest, strategic lines . . .	1,31,35,059	...	...	1,31,35,059	1,35,33,000	...
Total interest .	14,38,66,533	8,56,57,120	2,91,46,228	25,86,69,881	15,73,92,000	11,65,45,000
11. Subsidized Companies: Land and subsidy.	5,21,204	...	...	5,21,204	8,00,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	58,54,249	5,08,823	1,67,175	65,30,247	23,81,000	8,23,000
Strategic lines . . .	20,857	...	...	20,857	2,85,000	...
Payments to general revenues—						
Contribution*	6,01,13,210	...	...	6,01,13,210	5,48,95,000	...
One-third of the excess of railway surplus over three crores.	...	...	...	...	86,63,000	...
Total payment to general revenues .	6,01,13,210	...	...	6,01,13,210	6,35,58,000	...
12A—Surplus Railway Revenue transferred to Reserve . . .	1,48,52,988	...	...	1,48,52,988	4,73,26,000	...
Total .	22,52,29,041	8,61,65,943	2,93,13,403	34,07,08,387	27,17,42,000	11,73,68,000

* For details see Statement 2-(a).

the revenue of the Central Government in India and in England.

1927-28.		Increase (+) Decrease (—) as compared with Budget, 1927-28.	Budget Estimate, 1928-29.				
Exchange.	Total.		India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1927-28.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,55,000	24,56,26,000	+10,62,000	15,60,38,000	10,46,64,000	...	26,07,02,000	+1,50,76,000
52,000	1,51,85,000	+2,53,000	3,20,000	1,49,48,000	...	1,52,68,000	+83,000
4,07,000	26,08,11,000	+13,15,000	15,63,58,000	11,96,12,000	...	27,59,70,000	+1,51,59,000
...	1,35,33,000	—1,67,000	1,40,00,000	...	...	1,40,00,000	+4,67,000
4,07,000	27,43,44,000	+11,48,000	17,03,58,000	11,96,12,000	..	28,99,70,000	+1,56,26,000
...	8,00,000	—4,76,000	10,00,000	...	...	10,00,000	+2,00,000
3,000	32,07,000	—10,45,000	33,03,000	8,72,000	...	41,75,000	+9,68,000
...	2,85,000	+2,62,000	25,000	...	...	25,000	—2,60,000
...	5,48,95,000	+87,000	5,22,85,000	...	...	5,22,85,000	—26,10,000
...	86,63,000	+86,63,000	25,15,000	...	...	25,15,000	—61,48,000
...	6,35,58,000	+87,50,000	5,48,00,000	...	...	5,48,00,000	—87,58,000
...	4,73,26,000	+3,11,68,000	3,50,30,000	...	...	3,50,30,000	—1,22,96,000
4,10,000	38,95,20,000	+3,98,07,000	26,45,16,000	12,04,84,000	...	38,50,00,000	—45,20,000

2 (*a*).—Contribution from Railway to General Revenues, 1927-28.

(Based on actuals, 1926-26.)

	Rs.	Rs.
1. 1 per cent. on capital of 6,00,36,79,855 at charge, commercial lines	...	6,00,36,799
2. (i) Receipts—		
Gross traffic receipts, commercial lines	98,05,93,360	
Interest on Depreciation and Reserve Fund balances	52,69,640	
Dividend on investment in branch lines and miscellaneous receipts	66,451	
Subsidised Companies, share of surplus profits	35,07,118	
		98,94,36,569
(ii) Charges—		
Working expenses' commercial lines	62,61,82,460	
Indian States and Railway Companies' share of surplus profits	1,77,41,943	
Interest—		
On capital at charge, commercial lines	21,83,18,316	
On capital contributed by Indian States and Companies	1,66,99,010	
Land and subsidy	4,38,351	
Miscellaneous railway expenditure	25,94,699	
Contribution at 1 per cent. on capital at charge, commercial lines	6,00,36,799	
		94,20,11,578
(iii) Surplus	...	4,74,24,991
(iv) Contribution of one-fifth of surplus	...	94,84,998
3. (i) Total contribution from railway revenues [1 *plus* 2 (iv)]	...	6,95,21,797
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital of 30,94,88,993	1,30,94,196	
(ii) Loss in working	15,33,052	
		1,46,27,248
(ii) Net payment due from railway to general revenues in 1927-28	...	5,48,94,549

2 (*a*).—Contribution from Railway to General Revenues, 1928-29.

(Based on actuals, 1926-27.)

	Rs.	Rs.
1. 1 per cent. on capital of 6,29,56,51,923 at charge, commercial lines	...	6,29,56,519
2. (i) Receipts—		
Gross traffic receipts, commercial lines	97,50,52,586	
Interest on Depreciation and Reserve Fund balances	62,51,651	
Dividend on investments in branch lines and miscellaneous receipts	4,75,175	
Subsidised Companies' share of surplus profits	39,71,604	
(ii) Charges—		98,57,50,966
Working expenses, commercial lines	62,58,00,497	
Indian States and Railway Companies' share of surplus profits	1,65,55,739	
Interest—		
On capital at charge, commercial lines	22,98,44,919	
On capital contributed by Indian States and Companies	1,56,69,903	
Land and subsidy	5,21,204	
Miscellaneous railway expenditure	65,30,247	
Contribution at 1 per cent. on capital at charge, commercial lines	6,29,56,519	
		95,73,99,028
(iii) Surplus	...	2,83,51,938
(iv) Contribution of one-fifth of surplus	...	56,70,388
3. (i) Total contribution from railway revenues [1 *plus* 2 (iv)]	...	6,86,26,907
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital of 31,60,50,135	1,31,35,059	
(ii) Loss in working	32,07,200	
		1,63,42,259
(ii) Net payment due from railway to general revenues in 1928-29	...	5,22,84,648

3.—Statement of receipts of the Central Government in India and England for State

Heads of Account.	Accounts, 1926-27.				Revised Estimate	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XLI.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways . . .	59,275	...	...	59,275	...	...

Capital contributed by Railway Companies and Indian States towards outlay on Railways.

1927-28.			Budget Estimate, 1928-29.				
Exchange.	Total.	Increase (+) Decrease (—), as compared with Budget, 1927-28.	India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1927-28.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	...	—2,58,92,000	...	2,03,80,000	...	2,03,80,000	+2,03,80,000

4.—Statement of the Capital Expenditure of the

Heads of Expenditure.	Accounts, 1926-27.				Revised Estimate.	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue :—						
53.—Construction of State Railways :—						
(a) Commercial Lines—						
Open Line Works—						
Rolling Stock . . .	...	...	...	4,17,90,000	...	...
Other Works . . .	...	...	...	16,99,98,804	...	...
New Lines	...	...	...	6,59,20,596	...	...
Suspense	...	...	...	—1,04,95,000	...	...
(b) Strategic Lines . . .	...	...	...	50,64,139	...	...
Total .	15,94,11,069	8,40,99,799	2,87,67,671	27,22,78,539	17,45,65,000	12,50,00,000
Deduct—Probable Savings . . .	...	...	...	...	...	...
Net .	15,94,11,069	8,40,99,799	2,87,67,671	27,22,78,539	17,45,65,000	12,50,00,000
53-A.—Discharge of Debentures . .	...	1,96,89,000	66,84,425	2,63,73,425	...	66,67,000
54.—Redemption of liabilities involved in purchase of Railways . .	...	...	...	...	...	...

Central Government in India and England on Railways.

1927-28.			Budget Estimate, 1928-29.				
Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1927-28.	India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1927-28.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	5,52,58,000	—24,88,000	...	...	...	5,23,30,000	—29,28,000
...	14,54,51,000	—4,39,59,000	...	...	...	13,04,73,000	—1,49,78,000
...	8,50,00,000	—6,20,04,000	...	...	...	10,71,12,000	+2,21,13,000
...	46,91,000	+1,07,99,000	...	...	...	—1,00,47,000	—1,47,38,000
...	96,00,000	—29,000	...	...	...	76,00,000	—20,00,000
4,35,000	30,00,00,000	—9,76,81,000	16,09,87,000	12,64,81,000	...	28,74,68,000	—1,25,32,000
...	...	—14,76,81,000	76,54,000	3,98,14,000	...	4,74,68,000	+4,74,68,000
4,35,000	30,00,00,000	+5,00,00,000	15,33,33,000	8,66,67,000	...	24,00,00,000	—6,00,00,000
23,000	66,90,000	—2,64,96,000	...	2,03,80,000	...	2,03,80,000	+1,36,90,000
...	...	...	...	4,00,00,000	...	4,00,00,000	+4,00,00,000

A.—Railway Depreciation Fund.

	Accounts, 1926-27.	Budget Estimate, 1927-28.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.		Accounts, 1926-27.	Budget Estimate, 1927-28.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	5,74,46,867	8,78,57,866	8,58,40,481	9,27,40,481	Appropriation from Depreciation Fund.	8,04,64,667	9,00,00,000	10,70,00,000	9,00,00,000
Appropriation to Depreciation Fund.	10,88,58,281	11,50,00,000	11,39,00,000	11,95,00,000	Closing balance.	8,58,40,481	11,28,57,866	9,27,40,481	12,22,40,481
TOTAL .	16,63,05,148	20,28,57,866	19,97,40,481	21,22,40,481	TOTAL .	16,63,05,148	20,28,57,866	19,97,40,481	21,22,40,481

B.—Railway Reserve Fund.

	Accounts, 1926-27.	Budget Estimate, 1927-28.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.		Accounts, 1926-27.	Budget Estimate, 1927-28.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	9,79,09,373	9,72,03,373	11,27,62,361	16,00,88,361	Appropriation from Reserve Fund.	...	...	...	...
Appropriation to Reserve Fund.	1,48,52,988	1,61,58,000	4,73,26,000	3,50,30,000	Closing Balance.	11,27,62,361	11,33,61,373	16,00,88,361	19,51,18,361
TOTAL .	11,27,62,361	11,33,61,373	16,00,88,361	19,51,18,361	TOTAL .	11,27,62,361	11,33,61,373	16,00,88,361	19,51,18,361

Explanatory Memorandum of the Railway Budget for 1928-29.

1926-27.

COMMERCIAL AND STRATEGIC LINES TOGETHER.

Present practice requires us to render an annual account of the results of railway working about six weeks before the close of the year to which the account relates, when at best we are not in possession of the figures for two of the most important months to railways. We must start therefore by filling up the lacuna in the account of 1926-27, and bringing the tale of that year up-to-date. It will be remembered that the year had not been entirely favourable to Indian railways, and that the revised estimates of last February contemplated the possibility of our having to draw a small sum of about seven lakhs from the reserve, in order to pay the contribution due to general revenues. Actually we did better. Gross receipts at 99,39 lakhs were fifty-five lakhs over the revised estimate chiefly because of a phenomenal increase in goods traffic on the East Indian Railway, where during the last two months of the year the average daily ton mileage was more than twenty per cent. above the year's average, and about ten per cent. above the highest maximum ever reached before. On the other hand, sixty-nine lakhs less than the revised estimate anticipated was actually required for working expenses (64,75 lakhs), the Great Indian Peninsula and Bengal Nagpur Railways in particular spending less on repairs and maintenance. Our interest charges (at 25,87 lakhs) were seventeen lakhs less than the estimate ; and the result of minor changes in other charges was also slightly in our favour. In the end our surplus, after meeting all charges, was 7,50 lakhs instead of 5,94 lakhs as estimated ; of this 6,01 lakhs went to general revenues as our contribution ; and we were able to place 1,49 lakhs to the railway reserve instead of taking seven lakhs from it. At the beginning of the current year the reserve then amounted to 11,28 lakhs.

The expenditure incurred from the depreciation fund (8,05 lakhs) was five lakhs more than we expected, and it was found that the appropriation to be made to the fund in accordance with its rules was about fifteen lakhs less than the revised estimate. At the end of the year the actual balance in the fund was just over 8,58 lakhs, the figure of the revised estimate having been about twenty lakhs higher.

1927-28.

A.—COMMERCIAL LINES.

2. We can now turn to the current year, of which six weeks have still to run. The principal figures of the revised estimates for commercial lines are, as heretofore, shown side by side with the figures of the budget estimate and of 1926-27.

[Figures in lakhs of rupees.]

	Actuals, 1926-27.	1927-28.	
		Budget.	Revised.
Gross traffic receipts	97,82	99,24	1,02,39
Deduct—Refunds of Revenue . . .	35	32	25
Total carried over .	97,47	98,92	1,02,14

	Actuals, 1926-27.	1927-28.	
		Budget.	Revised.
Total brought forward .	97,47	98,92	1,02,14
Interest on balances of Depreciation and Reserve Funds	62	75	80
Dividend on investment in branch lines . .	5	5	5
Government share of profits, etc., from Subsidized Companies	40	30	38
Other Miscellaneous Receipts . . .	4	6	6
Total Receipts .	98,58	1,00,08	1,03,43
Working expenses	62,53	63,24	62,61
Surplus profits paid to Indian States and Railway Companies	1,66	1,41	1,58
Interest charges	24,56	25,95	26,08
Miscellaneous charges	70	55	40
Total charges .	89,45	91,15	90,67
Gain from Commercial lines	9,13	8,93	12,76

Gross traffic receipts.

3. Though at the time of writing this memorandum, the figures for only ten months, and in some cases only nine months are available —and the remaining period is that in which traffic is usually most brisk, and both earnings and expenditure at their peak—it can already be stated with confidence that 1927-28 will be a most prosperous year for Indian railways. Except for a brief period between the middle of July and the middle of August, when they were hit by the disastrous floods in Guzerat and on the east coast, receipts from traffic have been consistently higher than in 1926-27, and all descriptions of traffic have contributed to the improvement. Gauging the prospects of the period for which we have not actual results to the best of our ability, we forecast our receipts from traffic as follows :—

[Figures in lakhs of rupees.]

	Actuals, 1926-27.	1927-28.	
		Budget.	Revised.
Passenger earnings	34,79	35,84	36,23
Other coaching traffic	6,07	6,03	6,13
Total . .	40,86	41,87	42,36
Goods earnings	61,49	61,65	64,44
Other earnings	2,29	2,49	2,45
Total . .	1,04,64	1,06,01	1,09,25
Deduct—			
Refunds of Revenue	35	32	25
Worked lines	6,77	6,77	6,86
Suspense	—5	..	..
Net total . .	97,47	98,92	1,02,14

It will be seen that we expect our total receipts from traffic on commercial lines to be 4,67 lakhs more than in 1926-27.

Passenger earnings.

4. To this increase passenger traffic should contribute 1,44 lakhs. Up to the end of October, the latest date for which, at the time of writing, figures are forthcoming, our railways had carried nearly three hundred and sixty-one million passengers, about seven and a half million more than in the same period of 1926-27 and during the same period passenger miles (on which of course the size of our earnings depends) had risen by six per cent. to 12,050 million. We cannot attribute this growth in the travelling habit entirely, or perhaps even mainly, to the better facilities which Indian railways can now offer and the reduction in charges to the public which have been effected in recent years; however low fares may be, the great mass of India's population can only indulge their propensity to travel to the full, if they have had a prosperous year. But we have little doubt that the cheapening of railway fares has been a strong stimulus to increased travelling, and is partly responsible for the increase in our receipts.

Goods earnings.

5. There is every likelihood of an increase of about three crores in goods earnings, which we now put at 64,44 lakhs. Up to the end of October, the ton miles of goods carried amounted to 11,481 million, an increase of nearly 400 million over the figures of 1926-27 for the same period; and since then traffic has been so brisk that we have reason to expect the figure for the full year to reach 20,800 million, an advance of 700 million over 1926-27.

One particularly satisfactory feature of the year so far is that the improvement in traffic has been general, and not confined to one or two commodities. This is shown by the loading figures, which are available up to the 21st January. By that date about 21,000 more wagons had been loaded with grains and pulses, over 23,000 more with oilseeds, and over 62,000 more with coal and coke than in the corresponding period of 1926-27; and there had also been an increase of 87,000 in the number of miscellaneous full wagons, and of over 56,000 in the number of miscellaneous "smalls", figures which are probably indicative of brisker internal trade. Some part of the improvement in coal loadings has been due to an expansion of the export trade. In the first seven months of 1925-26, 108,000 tons were exported, and of 1926-27, 279,000 tons. This year the figure is 391,000 tons.

As a whole nearly 230,000 more wagons were loaded on the broad gauge, and 90,000 on the metre gauge than in the same period of last year.

Working expenses.

6. The usual comparison of the revised estimates of working expenses with the budget figures and those of the previous year is given in the following statement :—

[Figures in lakhs of rupees.]

	Actuals, 1926-27.	1927-28.	
		Budget.	Revised.
Administration	12,74	12,80	12,93
Repairs and Maintenance	17,65	18,16	17,47
Operation	24,99	24,99	24,48
Depreciation	10,53	11,08	11,02
Suspense	—6	..	..
Total	65,85	67,03	65,90
Deduct—Worked lines	3,32	3,79	3,29
Net working Expenses	62,53	63,24	62,61

We expect to carry traffic which will bring in 4,67 lakhs more this year than last, and to do so at a net extra cost of only eight lakhs, and actually at a cost which would be below that of 1926-27 by forty-one lakhs, were we not setting aside forty-nine lakhs more for depreciation.

Administration.

7. The expenses which are described as " Administration " are likely to be nineteen lakhs higher than in 1926-27. We have not here been quite as successful as we hoped last February in keeping the charges down. It will be remembered that, though expenditure on the existing scale, with an allowance for the opening of new lines and other fresh activities was put at 13,05 lakhs, we hoped to confine it to 12,80 lakhs by measures taken to enforce not retrenchment but economy. Both the Railway Board and Railway Administrations have given much attention to this matter during the year, but at present it seems unlikely that they will be able to obtain more than twelve lakhs out of the twenty-five lakhs of savings for which they hoped; with the result that the year's expenditure will be thirteen lakhs higher than the original estimate.

Repairs and maintenance.

8. Expenditure on repairs and maintenance is expected to be eighteen lakhs less than in 1926-27 in spite of an addition of between 600 and 700 miles to the length of line to be maintained; and here we can lay claim to a clear improvement, the effect of which on railway revenues should be still more apparent next year. We are definitely reaping the benefit of the modernization of the equipment and methods of our workshops, which the large sums voted by the Assembly for this purpose in recent years have enabled us to carry out.

In previous years we have been confronted with large arrears in the repair of rolling stock on most of the important railway systems. In the current year these arrears have, in spite of the largely reduced expenditure on repairs been caught up by all railways, except the Assam Bengal, Bengal Nagpur, Madras and Southern Mahratta, and South Indian, and to a comparatively minor extent the Bombay, Baroda and Central India; on these railways the remodelling and re-equipment of workshops will not be completed in the current year, so that most of the advantage from it has still to come. A few typical instances, selected from the records of the State-managed railways, may be of interest, and will indicate the extent of the economies obtained. On the North Western Railway the average cost of a locomotive standard repair has been reduced from Rs. 14,011 in November 1926 to Rs. 11,612 in November 1927; on the Great Indian Peninsula Railway from Rs. 11,967 to Rs. 9,573. The average cost of repairing a passenger carriage has fallen on the Great Indian Peninsula Railway from Rs. 2,175 in November 1926 to Rs. 1,149 in November 1927; and, in the same period, of repairing a wagon on the East Indian Railway from Rs. 168 to Rs. 119. The actual cost of repairing stock is not the sole measure of the benefit we obtain from increased facilities for repair. To give again a few examples, locomotives were on average only 64 days in shops for heavy repairs in November 1927 on the East Indian Railway, against 105 days in November 1926; for passenger carriages the figures are 18 days against 84 on the Great Indian Peninsula Railway, 27 against 68 on the Eastern Bengal Railway, and 35 against 46 on the East Indian Railway; and for wagons 10 against 16 on the North Western Railway, 7 against 11 on the Great Indian Peninsula Railway, and 5 against 15 on the East Indian Railway. This means that loco-

motives, passenger carriages and wagons are out of commission for much shorter periods, and the necessity for purchasing fresh stock is *pro tanto* reduced.

Operation.

9. The figures of expenditure at present available to us give us reason to expect an equally welcome decrease in the cost of operation; here the expenditure depends to a very considerable extent upon the volume of traffic, but we are able to forecast a decrease of fifty-one lakhs in spite of the increase we anticipate and have in part already obtained in traffic earnings. Except for the cost of fuel, little comment is required. With the growth of traffic six lakhs more will be needed for running staff and miscellaneous charges; but there should be a drop of about twelve lakhs in the cost of stores. The sum needed to pay compensation on goods lost or damaged, though now a small figure, perhaps deserves brief mention, we may reasonably hope for the last time. In 1922-23, we had to pay out over one hundred and twenty lakhs on claims, in 1923-24, nearly seventy-nine lakhs, in 1924-25, nearly fifty-seven lakhs, in 1925-26 over twenty-nine lakhs and last year a little over fifteen lakhs. The slight increase to about sixteen and a half lakhs expected this year is merely consequential on the increase in the volume of traffic, and there is fair ground for the view that this item of charge has ceased to be a disturbing factor in the results of railway working.

The cost of fuel, in spite of increased traffic, we expect to be about forty-eight lakhs less than in 1926-27. This is partly due to the lower prices at which coal was purchased. They averaged for State-managed railways Rs. 4-7-0 per ton, eleven annas per ton less than in the preceding year. But it is also due, quite definitely, to more economical consumption. Again it is only possible within the limits of this memorandum to give a few typical examples. On the Bombay, Baroda and Central India Railway (broad gauge) the amount of coal consumed for each thousand gross ton miles hauled of goods (and a proportion of mixed) traffic was nearly 115 pounds in 1926-27, and only 104 pounds in the first seven months of this year; on the Eastern Bengal Railway the corresponding figures are nearly 115 pounds and 101½ pounds. Taking metre gauge railways, the figures for the Assam Bengal Railway are nearly 166 pounds in 1926-27, and 155½ pounds in the first seven months of this year, and for the South Indian Railway 134 pounds, and rather over 126 pounds. This real economy has been obtained by the adoption of various measures to conserve the consumption of coal. Superheating of locomotives (a process which is continuing), the employment of fuel inspectors, and greater attention to firing methods have had much to do with it; but it is also due to our having laid down maxima limits to the quantities of coal to be held at any one time by each railway administration, and the consequent reduction in their stocks. Certain classes of coal are found to deteriorate very rapidly in stack.

Other charges.

10. There is little to be said by way of explaining the remaining charges which we expect to fall on us in the current year. With the expansion of the railway property and equipment, we are required by the rules of the depreciation fund to set aside forty-nine lakhs more than in 1926-27 for depreciation; and owing to our large capital expenditure on both new and open lines, we expect to have to pay one hundred and fifty-two lakhs more in interest. Miscellaneous charges should be thirty lakhs less than in 1926-27 when they included about twenty-eight lakhs for the purchase and dismantlement of the Arakan Light Railway.

B.—Strategic Lines.

11. The usual figures are given in the following statement.

[Figures in lakhs of rupees.]

	Actuals, 1926-27.	1927-28.	
		Budget.	Revised.
Gross traffic receipts	1,53	1,51	1,55
Interest on balances of Depreciation Fund	2	..	2
Total receipts	1,55	1,51	1,57
Working expenses (including depreciation)	1,87	1,97	1,86
Interest charges	1,31	1,37	1,35
Miscellaneous	..	..	3
Total charges	3,18	3,34	3,24
Net loss in working	1,63	1,83	1,67

Very little comment is needed. At present the receipts of these lines cover all but about 30 lakhs of the cost of working; and the annual loss is brought up to a figure of between 1,60 and 1,70 lakhs by interest charges on the capital expenditure. The latter are gradually increasing owing to the construction of the Khyber and Quilla Saifullah-Fort Sandeman railways.

C.—Summary of results.

12. We can now sum up the results of 1927-28, so far as they can be foreseen at the time of writing. Traffic has been almost uniformly good, and we can expect total receipts of 1,03,43 lakhs from commercial lines, an increase of 4,85 lakhs over last year's figure. Railway administrations have succeeded in carrying this larger volume of traffic at a cost which is likely to be 41 lakhs less than the cost in 1926-27 for a smaller volume; and it is only because we are providing 49 lakhs more for depreciation and shall be paying away 1,52 lakhs more in interest that our total charges are likely to be 1,22 lakhs more than in 1926-27. We put the total charges at 90,67 lakhs, leaving us with a surplus of 12,76 lakhs, or 3,63 lakhs more than last year.

13. The surplus will be apportioned as follows. 1,67 lakhs are required to meet the expected loss on strategic lines. General revenues will receive about 6,36 lakhs, which is about 88 lakhs more than was expected a year ago. And we shall have a little over 4,73 lakhs to place to the railway reserve fund.

14. Our fixed contribution to general revenues for 1928-29 is just short of 6,30 lakhs, and it is growing with our further capital expenditure at the rate of about twenty-five lakhs a year. On these estimates there will be a balance of 16,01 lakhs in the reserve at the end of the year, a sum more than sufficient

to cover the fixed contribution for two years successively, even if we earned no surplus at all. Simultaneously the balance in our depreciation fund, withdrawals from which are expected to be 10,70 lakhs this year against a payment of 11,39 lakhs into the fund, will have been built up to 9,27 lakhs.

We have carefully reviewed these and other factors in our financial position, not overlooking the continuance of expenditure, only indirectly and remotely revenue producing, on the greater comfort of the clients of railways, and the probability that for some time to come we shall still have large capital sums out on projects of development and improvement, which until their completion—and sometimes for some years later—will not earn enough to cover interest and depreciation. We are satisfied that without hampering our activities in these directions, or risking a failure to fulfil our commitments to general revenues, we can face the initial, but we anticipate only temporary loss from a substantial reduction in rates and fares; and we intend to make the following reductions as soon as the necessary arrangements can be made.

Third class passenger fares.

15. (*i*) First of all we propose to reduce third class fares, particularly for long distances, on the East Indian, North-Western and Great Indian Peninsula railways. The present scales, and those it is proposed to introduce, are as follows :—

East Indian and North-Western Railways.

Miles.	Present scale. Pies per mile.	Proposed scale. Pies per mile.
1—50	3½	3½
51—300	3	2½
301 and over	2	1½

Great Indian Peninsula Railway.

Miles.	Present scale. Pies per mile.	Proposed scale. Pies per mile.
1—50	4	4
51—150	4	3½
151—300	3½	3
301 and over	3	2½

A few examples of what these reductions mean to the individual traveller may be of interest. A third class passenger from Delhi to Karachi, on the North-Western Railway will pay Rs. 8-14-0 instead of Rs. 11-2-0. The pilgrim from Bengal will be able to visit Hardwar from Howrah for Rs. 9 instead of Rs. 11-5-0; and the Pathan who has found employment in Calcutta to revisit Peshawar for Rs. 15-1-0 instead of Rs. 18-10-0. Even a journey over the comparatively short distance between Moradabad and Lucknow will cost seven annas less than at present, a reduction of about 13 per cent.

(*ii*). Intermediate and third class fares by mail train are higher than by ordinary train on the East Indian and Great Indian Peninsula Railways. The distinction will be abolished.

(*iii*). We also propose to discuss with Company-managed railways the desirability of similar reductions of third class fares with the object of encouraging increased third class passenger traffic on their systems.

We reckon that, if they did not lead to a growth of traffic, these reductions would cause a diminution of 1,22 lakhs in earnings in a full year. But they are so substantial that they should give an early stimulus to increased travelling, especially long distance travelling.

Parcels and Luggage.

16. Next, we propose to tackle parcels and luggage rates. They are from 40 to 50 per cent. higher than in January 1921 and there are clear indications that they are restrictive. In addition there have been complaints that the present scale is unfair; under it charges are made on weights over 5 seers to 10 seers, 10 seers to 20, 20 to 30 and so on, so that for example a parcel weighing 11 seers is charged the same as a parcel weighing 20. We propose to issue instructions for the introduction of a more satisfactory scale, which will meet this complaint by substituting 5 seer divisions, and at the same time to provide for a reduction of fifteen per cent. in the charges. This should be of particular benefit to the retail trader. We calculate that it would cost us 74 lakhs in a full year, if we got no increase in traffic, but we expect as a result a considerable increase.

Goods rates.

17. For reductions in goods rates we have selected those commodities, traffic in which is likely to be most rapidly and most materially increased by the reductions. It is obvious that it is on these commodities that present rates are comparatively the highest and tend most to restrict traffic; and that consequently the consumers of, and dealers in, them have the first claim for relief. We are glad that the result of applying this criterion is in the main to cheapen the cost of transporting articles of concern to the poorer classes, or to the agriculturist, in India.

Kerosine oil (including gas oil and fuel.)

18. We propose to stimulate long distance traffic in Kerosine oil by introducing a telescopic rate on State-managed railways. The present and proposed rates at owners' risk are as follows:—

Miles	Present rate. Pies per maund per mile.	Proposed rate. Pies per maund per mile.
1—300	0·42	0·420
301—400	0·42	0·300
401—500	0·42	0·200
501—600	0·42	0·125
601—700	0·42	0·115
701 and over	0·42	0·100

Here again the extent of the proposed reductions can best be shown by one or two examples. It will, when they are introduced, cost Rs. 1-0-8 instead of Rs. 1-8-7 to send a maund of Kerosine oil from Bombay to Jhansi, Rs. 1-1-2 instead of Rs. 1-10-5 to send it from Karachi to Lahore, and Rs. 1-0-1 instead of Rs. 1-6-4 to send it from Calcutta (Budge Budge) to Lucknow. These rates are exclusive of terminal and other extra charges. In these instances the reduction in charge varies from 28 per cent. to 35 per cent.

If we failed to get the increase in traffic which we expect, the reduction would cost us 28 lakhs in a full year.

Manures and oil cake.

19. The rates for manures, and oil cake which is chiefly used as cattle food or manure, vary on different State-managed railways; and in view of the advantages, both direct and indirect, of encouraging the use of manure we propose to bring them down to the minimum of 0·100 pies per maund per mile, on all State-managed railways. It will then cost Rs. 0-2-4 instead of Rs. 0-4-0 to send a maund of manure from Ambala to Lyallpur, and Rs. 0-4-7 instead of Rs. 0-7-0 to send the same quantity from Poona to Nagpur. The transport of oilcake from Calcutta to Serajgunj will cost Rs. 0-1-8 a maund instead of Rs. 0-3-6, and from Karachi to Bhatinda Rs. 0-6-0 a maund instead of Rs. 0-11-2. These rates are exclusive of terminal and other extra charges.

This would cost us 15 lakhs in a full year, if we got no increase in traffic from so substantial a drop in rates.

Jagree.

20. The rates for jagree have increased very largely since prewar days, and we consider that the following telescopic rate at owners' risk, which we propose to introduce on all State-managed railways, will stimulate traffic.

Miles.	Pies per mile per maund.
1—100	0·380
101—300	0·220
301—600	0·130
601 and over	0·110

It means that the charge per maund, exclusive of terminal and other extra charges, from Agra to Bhopal will drop from ten annas to seven annas, and from Gorakhpur to Lahore from Rs. 1-3-5 to Rs. 1-0-11. It would cost us about 10 lakhs in a full year, if the reduction failed to produce a growth in traffic.

Grain, pulses and seeds.

21. The scale of charge for the transport of grain, pulses, and seeds is on the East Indian Railway up to 97 miles, and on the North Western Railway up to 232 miles, higher than on the Great Indian Peninsula Railway. We propose to remove the distinction, at a cost in a full year of about 12 lakhs.

Petrol.

22. We consider the present a suitable time for reducing the rates on the carriage of petrol for long distances; and in order to encourage this traffic we intend to adopt the following telescopic rate at owners' risk on all State-managed railways, instead of the present rate of 0·83 pies per maund, per mile, for all distances.

Miles.	Pies per mile per maund.
1—300	0·83
301—600	0·42
601 and over	0·38

Petrol in bulk will then cost Rs. 0-3-8 per gallon to transport from Karachi to Rawalpindi instead of Rs. 0-5-7 exclusive of terminal and other extra charges. But for the increase in traffic for which we hope this would cost about two lakhs in a full year.

East Indian Railway rates.

23. In two directions we are going to remove anomalies in rates to the general benefit of consignors or consignees of goods despatched to or from the area affected, and to the encouragement of traffic generally.

(*i*) Though the old Oudh and Rohilkhand railway was amalgamated with the East Indian Railway over two years ago, there has

hitherto been no final co-ordination of goods tariffs. Telescopic scales stop short at the old junctions and terminals are charged as if the two railways were still separate. The removal of this anomaly will cost about 33 lakhs in a full year.

(*ii*) The East Indian Railway charge a goods terminal of 6 pies for through booking, on which they only render terminal services at one end, though the terminal charge at either end for local booking is only 3 pies. The through terminal will now be reduced to 3 pies.

Horses, livestock and motor cars.

24. Lastly, with the object of encouraging traffic, we propose to make some reductions in the charges for carrying horses, live-stock and motor cars on State-managed Railways. They would cost us about 3 lakhs in a full year, if no increase in traffic resulted.

25. But for the early and marked improvement in traffic which we hope and expect from these substantial reductions in both rates and fares, they would mean a sacrifice in a full year of rather over three crores of rupees in gross earnings—122 lakhs in passenger traffic earnings, 77 lakhs in other coaching traffic earnings, and about 106 lakhs in goods earnings. Some of the reductions in passenger fares and goods rates can be brought in immediately, but due notice must be given of the remainder and we can hardly expect them to come into force before June at earliest.

1928-29.

A.—Commercial lines.

26. The principal figures of the estimates for next year for commercial lines are compared with the revised estimates in the following statement.

(Figures in lakhs of rupees.)

	Revised, 1927-28.	Budget, 1928-29.
Gross traffic receipts	1,02,39	1,01,84
Deduct refunds of revenue	25	25
Total	1,02,14	1,01,59
Interest on balances of depreciation and reserve funds	80	1,02
Dividend on investment in branch lines	5	5
Government share of profits, etc. from subsidized companies	38	47
Other Miscellaneous receipts	6	6
Total receipts	1,03,43	1,03,19
Working expenses	62,61	62,62
Surplus profits paid to Indian States and Railway Companies	1,58	1,82
Interest charges	26,08	27,60
Miscellaneous charges	40	51
Total charges	90,67	92,55
Gain from commercial lines	12,76	10,64

Gross Traffic receipts.

27. Except that a larger proportion than usual of this year's cotton crop is likely to be carried in the early months of next year, and that, though few years are without their set-backs in one or other part of India, we need hardly anticipate a repetition on the same scale of the disastrous floods of last summer, we have nothing definite yet to guide us as to what next year has in store for us. Our estimate of 1,01,59 lakhs for gross traffic receipts consequently assumes a normal monsoon, and a continued growth of traffic; though in view of the exceptional increase this year we think it safer to suppose that the growth will be somewhat less rapid than we should otherwise have prophesied. Apart from the proposed reductions in rates and fares, we should have estimated an increase of about a crore and a half in gross traffic receipts; partly because some of the reductions will not be in force for the whole of the year, but also because we expect them to lead to an immediate increase in traffic, we do not put the loss in revenue in 1928-29 above two crores and we are therefore estimating for gross traffic receipts only 55 lakhs below this year's figure.

Passenger and goods earnings.

28. The more detailed estimates of earnings are compared with the revised estimate in the following statement. The only explanation we need give of the figures is that we are assuming an increase from 20,700 million to 21,200 million in passenger miles, and from 20,800 million to 21,400 million in ton miles of goods carried.

(Figures in lakhs of Rupees.)

	Revised 1927-28.	Budget 1928-29.
Passenger earnings	36,23	36,02
Other coaching traffic	6,13	5,72
Total	42,36	41,74
Goods earnings	64,44	64,50
Other earnings	2,45	2,43
Total	1,09,25	1,08,67
Deduct—		
Refunds of revenue	25	25
Worked lines	6,86	6,83
Suspense	..	..
Net total	1,02,14	1,01,59

Other receipts.

29. The estimates of other receipts call for little comment. We should earn twenty-two lakhs more on the higher balances of our reserve and depreciation funds; and get a small but welcome increase of nine lakhs in our share of the profits of subsidized companies, which have had, like us, a prosperous year in 1927-28.

Working expenses.

30. Our estimates of working expenses in 1928-29 are shown, with the figures of the revised estimate in the following table. They as well as the other estimates of charges have been examined in detail and accepted by the Standing Finance Committee for

Railways for whose assistance not only here but throughout the year we wish to express our thanks,

(Figures in lakhs of Rupees.)

	Revised 1927-28.	Budget 1928-29.
Administration	12,93	13,06
Repairs and Maintenance	17,47	16,84
Operation	24,48	24,45
Depreciation	11,02	11,56
Suspense	..	..
Total	65,90	65,91
Deduct—Worked Lines	3,29	3,29
Net working expenses	62,61	62,62

We hope to be able to carry the increased traffic which we are expecting next year for 53 lakhs less than the probable cost this year of administration, operation, and repairs and maintainance, an amount which almost exactly yields the increased provision to be set aside for depreciation.

Administration.

31. Of the increase of 13 lakhs anticipated under "Administration" about 4½ lakhs will go to the provident fund for railway employees, and two lakhs are for the new electric services which are proving very popular in Bombay. The balance of the increase is spread over a number of departments and railways, and is generally to be attributed to extensions of the railway system and the growth of its operations.

In order to keep the expenditure to the figure of 13,06 lakhs, it will be necessary for railway administrations to continue their efforts to cut out all work which owing to the developments of recent years has ceased to serve a really useful purpose. We consider it most desirable that they should do so, and shall continue to press this duty upon them. For we are of opinion that increased supervision, perhaps most particularly on the workshop side, will much more than pay for itself by a reduction of expenses ; and both increased supervision, and our new activities, of which the establishments for the training of staff are possibly the most prominent example, must send up the expenditure under this head. It is all the more incumbent, therefore, on railway administrations to be constantly on the watch that expenditure which does not now give full value for the money does not continue to be incurred.

Repairs and maintenance.

32. We expect repairs and maintenance to cost 63 lakhs less than this year, though a greater length of line will have to be maintained, and we are hoping for a greater use of the rolling stock. The estimates here are based on a careful examination of the numbers of locomotives, carriages and wagons which are likely to come into shops for repair, if traffic fulfils our expectations, and take into account the absence of arrears on many of the important railways. They allow also for the further drop in the cost of repairs, which should result from the introduction of up-to-date equipment and methods in railway workshops. A few examples of the reductions it is hoped to attain may be of interest. The East Indian Railway hope to bring down the average cost of a locomotive standard repair from Rs. 10,398 in November 1927 to Rs. 9,500. The Great Indian Peninsula Railway expect to reduce the cost of repairing a passenger carriage from Rs. 1,149 in November to an average for 1928-29 of Rs. 900.

Operation.

33. Though the receipt estimates anticipate increased traffic, we hope to keep the expenses of operation a few lakhs below this year's figure. Here only the cost of fuel requires specific notice ; we put it at 3,49 lakhs which is 15 lakhs below the revised estimate. In taking this figure we have allowed for further economies in the consumption of fuel, and for the fact that contracts for about two million tons for the State-managed railways have just been placed at prices averaging five annas a ton below those for the current year.

In the current year the raisings of coal from State-worked collieries have been restricted to about one million nine hundred thousand tons, and about one million nine hundred and thirty thousand tons will have been purchased in the market. In the arrangements which we have made so far for supplies to the State-managed railways in 1928-29, we have restricted the raisings from State-worked collieries to about one million seven hundred thousand tons, and are purchasing two million tons of market coal. We give these figures to refute the suggestion which is sometimes made that we are expanding the output from our collieries and withdrawing our custom from the market ; on the contrary when coal of good quality can, as at present, be purchased at reasonable prices we are, as these figures show, very glad to take it in large quantities instead of relying on our own output, and we are actually proposing to reduce the quantity to be raised next year from collieries where quarrying can be resorted to. The output from these quarries can be rapidly increased without extensive expenditure on development, and we prefer to hold a good deal of it in reserve, in case prices should move against us.

Other charges.

34. The estimated appropriation for depreciation, in accordance with the rules of the depreciation fund, is, at 11,56 lakhs, 54 lakhs higher than the revised estimate ; and 1,52 lakhs more than this year are likely to be needed to pay interest charges, amounting to 27,60 lakhs. In both cases the rise is due to the heavy capital expenditure being incurred on the development and equipment of the lines. We also expect a rise of 11 lakhs in miscellaneous charges, spread over numerous items, and explained in the notes on the demands. Lastly we expect to have to pay Indian States and Railway Companies 24 lakhs more next year as their share of surplus profits. Here the increase is solely due to a dual payment to the Burma Railways Company, who on being bought out on the 31st December 1928 will be entitled to receive their share of surplus profits for the first nine months of the year, in addition to the usual payment on the results of 1927-28.

B.—Strategic Lines.

35. The figures of the revised estimates for this year and the budget estimates for next year are given in the following table.

(Figures in lakhs of Rupees.)

	Revised 1927-28.	Budget 1928-29.
Gross traffic receipts	1,55	1,60
Interest on balances of Depreciation Fund	2	2
Total Receipts	1,57	1,62
Working Expenses (including depreciation)	1,86	1,87
Interest charges	1,35	1,40
Miscellaneous	3	1
Total charges	3,24	3,28
Net loss in working	1,67	1,66

We expect a small rise in traffic receipts sufficient to cover the growth in interest charges, and a small decline in charges, leaving a net loss of 1,66 lakhs. The appropriation for depreciation is 39 lakhs.

C.—Summary.

36. The estimates for 1928-29 anticipate that, given a normal monsoon and normal conditions of trade and traffic, our total receipts from commercial lines, after the reductions in rates and fares which have been described, will be 1,03,19 lakhs, or 24 lakhs less than we expect this year. The expenses more directly connected with the carriage of traffic are expected to be 53 lakhs less than this year; but 54 lakhs more will probably be set aside for depreciation, 1,52 lakhs more are likely to be paid as interest on capital, Indian States and Railway Companies will take 24 lakhs more out of the surplus profits, and 11 lakhs more will be needed for miscellaneous expenses. Our total charges will then be 1,88 lakhs more than this year; and will amount to 92,55 lakhs. With a reduction of 24 lakhs in receipts, the surplus from commercial lines will fall by 2,12 lakhs, from 12,76 lakhs in 1927-28 to 10,64 lakhs in 1928-29.

Of this surplus, if it is obtained, 1,66 lakhs will be used to meet the anticipated loss on strategic lines; general revenues will take 5,48 lakhs; and 3,50 lakhs will remain to strengthen the railway reserve. If the results are in accordance with this forecast, the reserve at the end of the year will amount to 19,51 lakhs. The withdrawals from the depreciation fund for expenditure on renewals and replacements are estimated at 9,00 lakhs against an appropriation of 11,95 lakhs from revenue; and on these estimates the balance in the fund will be raised by 2,95 lakhs to 12,22 lakhs as a result of the year's operations.

Capital expenditure.

37. We give in an appendix to this memorandum full details with the customary tables of the capital expenditure likely to be incurred this year and contemplated in 1928-29. But there are some remarks of a general character which we should like to make on the figures.

1927-28.

38. It will be remembered that, when large amounts were for the first time after many years made available for capital expenditure, railway administrations found considerable difficulty in spending the sums allotted to them each year. Their plans and estimates for many of the projects it was desired to take up were not ready, nor had the preliminary investigations, necessary in many cases before a start could be made, been completed. To meet this difficulty railways were allowed to include in their programmes a much larger number of approved projects than they were likely to be able to initiate in a single year; they were allotted funds for those projects; but for the purpose of estimating the sums actually likely to be spent in any individual year a large deduction was made from the resultant figure. This method proved successful. The expenditure on open and new lines, which only averaged a little less than 21 crores a year in 1923-24 to 1925-26, rose to 24¼ crores in 1926-27, and it is expected to be 29½ crores this year; better progress has in fact been made with railways' programmes of improvement and development with the beneficial results to our revenues to which the earlier part of this memorandum bears testimony. We cannot put down quite the whole of the increase of about 5 crores this year to the better organization of railway administrations for the rapid completion of projects taken in hand. Owing partly at least to the general strike in Great Britain in 1926, a larger quantity than usual of material ordered abroad remained over for delivery in 1927-28, and to some extent the increased expenditure this year is no doubt due to this

cause ; it is also the cause of an anticipated rise of half-a-crore to about 15¼ crores (making the total capital expenditure expected this year 30 crores) in stores balances, since it has not been possible to utilise all the material immediately. But this temporary inflation of stores balances should be remedied next year ; and though we have thought it right to draw attention to this factor in the increased expenditure, as a whole the increase can be attributed to quicker progress on works, which will therefore be completed more rapidly and yield a speedier return on the capital invested in them.

Though generally progress has been more rapid than anticipated, we have not in 1927-28 succeeded quite as well as we hoped in one direction. Railway Administrations considered that they might be able to open 914 miles of new lines in the year ; 636 miles is what now seems likely. They have had to put further ahead the dates for opening portions of the Central India Coalfields Railway, and also the Furkating-Badulipara, Agra-Bah, Nidadavolu-Narasapur, and Gudivada-Bhimavaram railways, to mention those of most importance ; but all these lines are expected to be open for traffic before the close of 1928.

1928-29.

39. Our programme of capital expenditure on open lines next year is perhaps less interesting than it has been recently. For we think it desirable that railway administrations should devote most of their energies on this side to pushing on the completion of works which they have already taken in hand ; and the remodelling of the Erode Junction on the South Indian Railway is the only new work of major importance for which the programme provides apart from electrification schemes. It is proposed to make a beginning on the Madras Suburban electrification scheme which has just been sanctioned ; and money is also allotted for the possible extension of the electrification of the suburban area of the Bombay, Baroda and Central India Railway up to Virar.

40. For this reason we think it unnecessary to give railway administrations over-allotments for capital expenditure to anything like the same extent as in recent years, and propose only to distribute among them about 2½ crores more than the expenditure of 15 crores which is actually anticipated on open line works.

41. Our programme of new construction for 1928-29 is more ambitious ; it includes over 90 different projects covering more than 4,600 miles of new lines, of which 50 projects aggregating 2,600 miles have already been sanctioned. The majority of the new lines projected are short branches or feeder lines to the main systems, and construction is distributed over the whole country. In Burma and in Assam the proposed branches are in the main pioneer lines, which we have reason to believe will prove speedily remunerative and take an active part in opening out rich agricultural areas and developing the country as a whole. The lines proposed to be constructed in Southern India will serve thickly populated tracts where communications are at present somewhat deficient. Some of them form chords of existing lines and will, in addition to opening up the country they traverse, relieve congestion on present main lines. In the Punjab we propose to construct cross connections running from east to west in the large canal colony area where the existing lines run more or less north to south in the direction of Karachi. These branches should stimulate the development of traffic between the important trade centres that have sprung up in the different Doabs and are at present unconnected and separated by the great tributaries of the Indus. In the Bombay Presidency and the neighbouring provinces served by the Bombay, Baroda and Central India, the Great Indian Peninsula and the Madras and Southern Mahratta

Railway, we have under consideration a large number of short branches opening up fresh country where at present there is difficulty in bringing agricultural produce to market. Their construction will undoubtedly help the cultivators of cotton and other valuable crops. We should also mention a contemplated system of broad guage feeder lines to serve the vast fertile area in Sind situated on the left bank of the Indus which is to be irrigated by the Rohri canals under the Sukkur Barrage scheme. For these projects we propose to place a little over 11 crores at the disposal of Railway Administrations next year and we hope they are not over-sanguine in expecting that with this allotment their expenditure will reach 9 crores. The Railway Administrations themselves put the mileage of lines to be opened in 1928-29 at 885. Judging from this year's experience, they may perhaps be a little optimistic but we trust that the mileage to be opened will in any event not fall far short of 800 miles.

42. In addition to the 15 crores for open line works and 9 crores for new construction, a total of 24 crores, which we hope to spend next year, capital expenditure of 4 crores is required for the purchase of the Burma Railways. By this payment we expect to increase our net annual revenue by about half-a-crore. Our total capital expenditure in 1928-29 on these estimates will be 28 crores and we expect simultaneously to reduce our stores balances by 1 crore to a little under 14¼ crores.

F. A. HADOW,
Officiating Chief Commissioner of Railways.

A. A. L. PARSONS,
Financial Commissioner of Railways.

NEW DELHI ;

The 31st March 1928.

APPENDIX I.

Capital Expenditure.

1. The distribution of the total capital allotment on State Railways worked by the State and by Companies, under England and India, in each of the three years from 1926-27 to 1928-29, is as follows :—

Item.	Actuals 1926-27.	1927-28. Budget.	1927-28. Revised.	Budget 1928-29.
England—				
Sterling payments . . £	8,409,980	12,000,700	9,375,000	12,486,100
Converted into rupees at 2*s.* to the rupee . . Rs.	8,40,99,800	12,00,07,000	..	..
Converted into rupees at 1*s.* 6*d.* to the rupee . . Rs.	..	..	12,50,00,000	16,64,81,000
Exchange . . . Rs.	2,87,67,671	4,00,02,000	4,35,000	..
Total England . Rs.	11,28,67,471	16,00,09,000	12,54,35,000	16.64.81,000
Probable savings . . Rs.	..	4,66,76,000	..	3,98,14,000
Net England . . . Rs.	11,28,67,471	11,33,33,000	12,54,35,000	12,66,67,000
India . . . . Rs.	15,94,11,068	23,76,72,000	17,45,65,000	16,09,87,000
Probable savings . . Rs.	..	10,10,05,000	..	76,54,000
Net India . . . Rs.	15,94,11,068	13,66,67,000	17,45,65,000	15,33,33,000
Total England and India . Rs.	27,22,78,539	25,00,00,000	30,00,00,000	28,00,00,000

2. The following table compares the allotments made for open lines and lines under construction in 1928-29, separately under Commercial Lines and Strategic Lines, with the actual expenditure of 1926-27 and the estimated expenditure of the current year.

(Figures in thousands of rupees).

Items.	Actuals, 1926-27.	Revised estimates, 1927-28.	Budget estimates, 1928-29.
Commercial—			
Purchase price of Burma Railways	..	..	4,00,00
Purchase of branch line shares	29,95	2,00	..
Open lines (including rolling stock)	19,82,99	20,52,00	17,27,56
Total	20,12,94	20,54,00	21,27,56
Deduct—Probable savings	..	..	2,59,56
Net Open lines (commercial)	20,12,94	20,54,00	18,68,00
Lines under construction—			
(*a*) Started in previous years	6,27,11	8,50,00	6,99,14
(*b*) Started in current year	32,10		3,71,98
Total	6,59,21	8,50,00	10,71,12
Deduct—Probable savings	..	..	2,15,12
Net lines under construction	6,59,21	8,50,00	8,56,00
Total Commercial	26,72,15	29,04,00	27,24,00
Strategic—			
Open lines (including rolling stock)	33,38	66,50	32,23
Lines under construction—			
(*a*) Started in previous years	17,26	29,50	43,77
(*b*) Started in current year		..	—
Deduct—Probable savings	..	..	..
Net Strategic lines	50,64	96,00	76,00
Total Commercial and Strategic	27,22,79	30,00,00	28,00,00

3. The details of the budget grant for 1928-29 are shown below :—

(Figures in thousands of rupees).

Railways.	Open Lines.			Construction of	
	Rolling Stock.	Other items.	Total.	Lines in progress.	New lines.
State Railways worked by the State—					
Aden (Commercial) . . .	16	76	92	..	..
Eastern Bengal . . .	87,62	32,38	1,20,00	..	..
Baruipur-Lakshmikantapur .	..	..	..	9,00	..
Dinagepur Ruhea . . .	..	..	..	2,00	..
Nawabganj Abdulpur . .	..	..	..	22,00	..
Purnea Murliganj including Behariganj Branch . .	..	..	..	13,00	..
Sainthia Berhampur Halsa .	..	..	..	..	4,00
Dacca Aricha . . .	..	..	..	..	4,00
Kalukhali-Kamarkhali-Bhateapara	..	..	..	..	11,00
East Indian	1,10,50	1,89,50	3,00,00	..	..
Central Indian Coalfields .	..	..	..	85,71	..
Calcutta Chord . . .	..	..	..	70,21	..
Lucknow Sultanpur Jaunpur .	..	..	..	25,58	..
Unao Madhoganj Branch. .	..	..	..	10,00	..
Chandpur Bijnor Muazzampur Narain	..	..	..	12,50	..
Great Indian Peninsula . . .	73,79	3,01,21	3,75,00	..	..
Agra-Bah	..	..	..	9,34	..
Darwha-Pushad . . .	..	..	..	10,60	..
Diva-Dasgaon . . .	..	..	..	..	18,00
Kartal-Kamasin . . .	..	..	..	..	14,00
Nasik Belapur-Sheogaon . .	..	..	..	..	14,00
Khamgaon-Caikli . . .	..	..	..	..	9,66
Hiwarkhed Akot Akola Basim	..	..	..	..	14,00
Harpalpur Bharwa Sumerpur .	..	..	..	..	5,54
Orai-Jalaun-Madhogarh-Jagamanpur	..	..	..	..	4,86

(Figures in thousands of rupees)

Railways.	Open Lines.			Construction of	
	Rolling Stock.	Other items.	Total.	Lines in progress.	New lines.
State Railways worked by the State —*contd.*					
North Western	45,69	1,62,45	2,08,14	..	..
Kangra Valley	..	..	..	57,00	..
Amritsar-Narowal	..	..	..	85	..
Jassar-Shakargarh Amru	..	..	..	33	..
Layallpur-Jaranwala	..	..	..	30	..
Rohtak-Gohana-Panipat	..	..	..	50	..
Chiniot Khushab	..	..	..	42,50	..
Kalabagh Bridge	..	..	..	15,74	..
Gujranwala Sialkot Chuharkhana	..	..	..	..	12,95
Lyallpur-Chananwala	..	..	..	..	12,00
Rohtak-Bhiwani	..	..	..	..	10,00
Thaneswar-Jagadhri	..	..	..	..	3,00
Sindh Left Bank Feeders	..	..	..	..	12,00
Batala-Butari	..	..	..	..	8,64
Strategic Lines (North-Western Railway)	8,75	23,11	31,86	..	..
Khyber Railway	..	..	..	14,42	..
Quilia Saifullah-Fort Sandeman Extension	..	..	..	29,35	..
Strategic Lines (Aden Railway)	..	37	37	..	..
State Railway Collieries	..	9,95	9,95	..	..
Total State Lines worked by State	3,26,51	7,19,73	10,46,24	4,30,93	1,57,65
State Railways worked by Companies or Indian States—					
Assam Bengal	20,13	29,87	50,00	..	..
Furkating-Badulipara Jorhat	..	..	..	1,71	..
Karimganj-Longai Valley	..	..	..	3,00	..
Netrakona-Mohanganj	..	..	..	10,29	..

(Figures in thousands of rupees.)

Railways.	Open Lines.			Construction of	
	Rolling Stock.	Other items.	Total.	Lines in progress.	New lines.
State Railways worked by Companies or Indian States—*contd.*					
Habiganj Shaistaganj Balla	..	..	..	5,00	..
Chittagong-Fatikchari	..	..	..	..	6,00
Senchoa Mairabari	..	..	..	..	5,00
Feni-Belonia	..	..	..	..	4,00
Megna Bridge at Bhairab	..	..	..	..	1,00
Chittagong-Dohazari	..	..	..	..	2,00
Bengal Nagpur	24,31	1,18,03	1,42,34	..	..
Tumsar Tirodi Conversion	..	..	..	23,75	..
Raipur-Parbatipur	..	..	..	68,84	..
Contai Road-Contai	..	..	..	..	5,00
Bally Bridge Connection	..	..	..	..	7
Bengal and North Western	3,63	1,73	5,36	..	..
Mashrak Thawe	..	..	..	..	7,25
Chakia Parsauni	..	..	..	..	4,00
Bezwada Extension	..	43	43	..	..
Dronachallam Kurnool Railway Extension	..	..	..	5,99	..
Bombay, Baroda and Central India.	30,88	1,29,71	1,60,59	..	..
Jambusar Kavi	..	..	..	6	..
Samni Dehej	..	..	..	2,61	..
Boriavi Vadtal	..	..	..	1,00	..
Vasad-Katana	..	..	..	..	4,66
Nadiad Kaira	..	..	..	..	5,09
Kapadvanj *via* Modassa to Meghraj	..	..	..	..	10,00
Thasra-Virpur	..	..	..	..	11,00
Deesa *via* Deodhar to Tharad	..	..	..	..	10,00
Kotah Bundi	..	..	..	..	5,00
Burma	33,67	36,33	70,00	..	..

(Figures in thousands of rupees.)

Railways.	Open Lines.			Contruction of	
	Rolling Stock.	Other items.	Total.	Lines in progress.	New lines.
State Railways worked by Companies or Indian States—*contd.*					
Burma—*contd.*					
Kayan Thongwa	..	..	..	1,50	..
He ho Tayou	..	..	..	1,09	..
Taungdwingyi Kyaukpadaung	..	..	..	15,00	..
Myingyan Natogyi Paleik	..	..	..	19,41	..
Nyaunglebin Madauk	..	..	..	6,00	..
Taungdwingyi-Minbu Pakokku :					
(*a*) Taungdwingyi-Patanago	..	..	..	..	20,00
(*b*) Patanago-Malun-Pakokku	..	..	..	..	5,00
Sagaing Bridge	..	..	..	..	25,00
Jodhpur	..	10,60	10,60	..	..
Jhol Sanghar Hiral Branch	..	..	..	..	5,00
Madras and Southern Mahratta	46,85	88,15	1,35,00	..	..
Nidadavolu-Narasapur	..	..	..	13,28	..
Coconada-Kotepalle	..	..	..	12,42	..
Gudivada-Bhimavaram	..	..	..	6,03	..
Guntur-Gurzala Macherla	..	..	..	20,00	..
Madras-Renigunta	..	..	..	..	5,00
Belgaum-Hubli	..	..	..	..	9,00
Dundur-Nargund	..	..	..	..	1,27
Nipani Raibag	..	..	..	..	3,00
Raibag Jamkhandi Bagalkot	..	..	..	..	5,00
Rohilkund and Kumaon	..	—77	—77	..	..
Shabaznagar Mailani	..	..	..	..	1,00
South Indian	46,07	93,93	1,40,00	..	..
Shoranur-Nilambur	..	..	..	67	..
Villupuram-Trichinopoly	..	..	..	31,41	..
Virudhunagar Tenkasi	..	..	..	1,45	..
Dindigul-Pollachi	..	..	..	7,14	..
Madura Bodinaikanur	..	..	..	1,10	..

[Figures in thousands of rupees.]

Railways.	Open Lines.			Construction of	
	Rolling stock.	Other items.	Total.	Lines in progress.	New lines.
State Railways worked by Companies or Indian States—*concld.*					
Cuddalore-Vriddhachalam	..	..	..	1,00	..
Mayavaram Tranquebar	..	..	..	2,23	..
Trichinopoly Manamadura	..	..	..	50,00	..
Salem Metur Dam	..	..	..	..	7,9
Pollachi-Palghat	..	..	..	..	15,03
Salem Attur Vriddhachalam	..	..	..	..	20,00
Bodinaikanur-Cuddalore	..	..	..	..	3,00
Satyamangalam-Palni	..	..	..	..	2,00
Karaikudi Devacottah	..	..	..	..	4,00
Thattakad Valparai	..	..	..	..	1,00
Manamadura-Virudhunagar or Maniyachi.	..	..	..	..	1,00
Tellicherry-Paravur-Makut	..	..	..	..	1,00
Total State Railways Worked by Companies or Indian States	2,05,54	5,08,01	7,13,55	3,11,98	2,14,33
Grand Total	5,32,05	12,27,74	17,59,79	7,42,91	3,71,98
				11,14,89	
			28,74,68		
Add—purchase price of Burma Railways				4,00,00	
Deduct—Probable Savings				4,74,68	
Net				28,00,00	

Open Line Works.

4. The distribution of the allotment of 17·60 crores over the Open Line Capital programme is as follows :—

	Crores of Rs.
1. Open Line facilities	13·28
2. Rolling Stock	5·32
3. Reduction in stores balances and fluctuations in suspense	—1·00
	17·60

5. *Open Line facilities.*—The following shows the distribution of the proposed gross allotment of 13·28 crores among the various classes of open line works :—

	Crores of Rs.
(*a*) Doubling and Quadrupling	·51
(*b*) Improvement of Rails and Sleepers	2·17
(*c*) Strengthening of Bridges	·91
(*d*) Remodelling of station yards	1·75
(*e*) Staff Quarters	·53
(*f*) Workshops, Stores and station buildings	1·37
(*g*) Plant and Machinery	·40
(*h*) Electrification of Lines and Stations	2·19
(*i*) Sidings, Diversions, Links, Collieries, etc.	1·08
(*j*) Miscellaneous works	2·37
	13·28

(*a*) *Doubling and Quadrupling.*—The most important of the projects for increasing the capacity of congested sections, for which provision has been made in the next year's budget, is the comprehensive scheme of doubling and quadrupling undertaken for the improvement of traffic facilities in the Madras suburban area. Work on this scheme is in progress and a sum of 27½ lakhs has been provided to meet the expenditure on it during 1928-29.

Among the other important schemes provided for, mention may be made of the doubling of the Goilkera Manharpur section of the Bengal Nagpur Railway which has been undertaken to improve the capacity of the line for carrying coal and other traffic, and of the Ishurdi Abdulpur section of the Eastern Bengal Railway which, it is expected, will be found necessary with the development of traffic consequent on the opening of the Abdulpur Nawabgunj chord line now under construction. The provision made for these two works is 6 and 1½ lakhs respectively.

(*b*) *Improvement of Rails and Sleepers, and* (*c*) *Strengthening of Bridges.*—With the object of enabling the railways, more particularly the main lines, to carry the increasing traffic with efficiency and economy by utilising modern type locomotives with their heavy train loads, the programmes of strengthening and improvement of trackwork and bridges have been co-ordinated so as to steadily eliminate the remaining sections of light track and weak girders on the main lines.

The major schemes on which expenditure is expected next year are on the Great Indian Peninsula, East Indian, North-Western, Bengal Nagpur, and Jodhpur Railways. Among the more important projects for the improvement of track should be mentioned the relaying on the Jubbulpore Allahabad, Khandwa-Itarsi and Poona-Sholapur sections of the Great Indian Peninsula Railway and on the Howrah Khargpur and Barang Waltair sections of the Bengal Nagpur Railway for which an aggregate provision of 15·46 and 9·86 lakhs respectively has been made. The more important schemes for the im-

provement of bridges and the provision made for each in the next year's budget are noted below :—

	Lakhs.
Regirdering of the down track of the Lower Sone Bridge (East Indian Railway)	10·26
Regirdering of the up track of the Allahabad Jumna Bridge (East Indian Railway)	9·76
Strengthening of the down track of the Upper Sone Bridge (East Indian Railway)	6·97
Reconstruction of the Sher Bridge (Great Indian Peninsula Railway)	6·06
Reconstruction of the Sukkur Bridge (Great Indian Peninsula Railway)	4·20
Strengthening of the Attock Bridge (North-Western Railway)	5·39

(*d*) *Remodelling of Station Yards.*—As explained in the last year's Explanatory Memorandum of the Budget, the question of remodelling yards with a view to providing improved marshalling facilities at stations where the present lay outs are inadequate or unsuited to modern conditions is one of great importance in the programme of railway betterment. It is a matter that is receiving the attention of all Railway Administrations particularly in connection with the new branches and extensions now under construction.

The more important of the schemes for remodelling or constructing station yards and the amounts proposed to be spent thereon during the next year are detailed below :—

	Lakhs.
Keighly Street (Burma Railways)	4·36
Cawnpore (East Indian Railway)	23·00
Moradabad (East Indian Railway)	5·69
Belur (East Indian Railway)	5·50
Victoria Terminus (Great Indian Peninsula Railway)	11·92
Bhore Ghat (Great Indian Peninsula Railway)	8·66
Miraj (Madras and Southern Mahratta Railway)	5·00
Central Station (Madras and Southern Mahratta Railway)	5·00
Rawalpindi (North-Western Railway)	11·53
Khan Alampura (North-Western Railway)	3·00
Trichinopoly (South Indian Railway)	7·00
Erode (South Indian Railway)	4·00

The most important new project for station yard remodelling is that relating to the junction station at Erode. The remodelling of this station has been found necessary in consequence of the conversion of the Erode Trichinopoly line from metre to broad gauge ; and as the expansion of the station on the existing site is not practicable it is proposed to build a new station at a little distance from the present station. The scheme provides for the construction of a yard specially designed to admit of the quick handling of trains and goods stock and the erection of a locomotive Depot at Erode on the site of the existing station. It also contemplates the revision of the engine runs in the neighbourhood of Erode entailing the abandonment of Salem and Podanur as locomotive stations except for shunting and banking engines. The cost of the entire scheme is estimated at about Rs. 60 lakhs, of which approximately 51 lakhs is chargeable to capital. It is expected that as a result of the proposed remodelling of the station it will be possible to set free 7 goods and 2 passenger engines, and taking into account the further savings anticipated on account of the reduction in shunting engine hours and wages to engine crews it is considered that the total economies likely to be secured will represent a return of over 8 per cent. on the capital outlay involved.

(e) *Staff quarters.*—With a view to introducing a system under which it will be possible to provide suitable dwellings in healthy surroundings for as large a proportion of railway staff as practicable and at the same time to ensure a reasonable return being obtained on the capital invested, certain revised principles regulating the provision of quarters for railway staff and the assessment of rents for these quarters were formulated with the approval of the Standing Finance Committee for Railways. These revised principles, full details of which are contained in the memorandum at pages 59-62 of Volume III No. 1 of the proceedings of the Standing Finance Committee, were intended for adoption as a general policy to be aimed at by all Railways and as a definite policy for State-managed Railways. The introduction of the comprehensive revision of the whole policy affecting the provision of staff quarters contemplated in the revised principles has been attended with a considerable amount of practical difficulty, and in order to find a suitable solution the whole question was recently discussed with the Agents of the State-managed Railways. Necessary measures are now being taken, in accordance with the conclusions arrived at as a result of this discussion, to ensure the introduction of the new rules at an early date.

The following are the details of the provision made in the Budget for 1928-29 for the construction of staff quarters on individual railways.

(Figures in thousands of rupees).

Railways.	Officers' quarters.		Other quarters.	
	Provision to complete bungalows under construction.	Provision for new bungalows.	Provision to complete quarters under construction.	Provision for new quarters.
Assam Bengal	..	..	3,08	..
Bengal and North Western	..	..	50	..
Bombay, Baroda and Central India	..	..	4,00	2,50
Burma	1,29	..	4,33	69
East Indian Railway	..	..	14,86	1,80
Great Indian Peninsula	..	..	9,80	3,00
Eastern Bengal	..	..	10	..
Madras and Southern Mahratta	..	..	3,82	..
North-Western	..	..	1,50	1,00
South Indian	51	..	45	..
	1,80	..	42,44	8,99

(f) *Workshops and Stores and Station Buildings, and* (g) *Plant and Machinery.*—The imperative necessity for heavy expenditure, at any rate for some time to come, on the remodelling and improvement of State Railway Workshops in general has been established as a result of the investigations recently carried out by the State Railway Workshops Committee and the recommendations of the Committee regarding the lines on which the re-organisation and improvement of the workshops should proceed, as far as these have been accepted by the Railway Board, are now being given effect to by Railway Administrations.

The statement below gives particulars of the more important schemes of workshop construction and remodelling for which provision has been made in the budget for the ensuing year :—

(Figures in thousands of rupees).

	Estimated capital expenditure.	Amount likely to be spent to the end of 1927-28.	Provision for 1928-29.
Dohad—New locomotive shops (Bombay, Baroda and Central India Railway) .	1,71,84	92,63	48,00
Kanchrapara—Remodelling of locomotive shops (Eastern Bengal Railway) . .	36,00	26,30	5,37
Charbagh—Extension to locomotive shops (East Indian Railway)	40,97	37,75	3,22
Perambur—Remodelling of shops (Madras and Southern Mahratta Railway) . .	2,12,35	89,34	25,00
Trichinopoly—New workshops (South Indian Railway)	3,16,51	2,93,21	20,00
Jamalpur—Remodelling of Workshops (East Indian Railway)	1,02,73	23	12,97

The remodelling of the East Indian Railway workshops at Jamalpur is the only important new scheme provided for, all the other schemes having already been taken in hand. The Workshops were originally constructed in 1862 and have been added to and altered from time to time. The lay out of the shops as they now stand has several drawbacks and is defective in many respects. The majority of the existing shop buildings are unsuitable for present requirements as they are cramped and dark and have for the most part to be artificially lighted on dull days, and generally these old brick-built structures are in such a condition that to repair them satisfactorily would cost a considerable amount and even then they would still prove to be a great handicap to efficient working. The question of remodelling these workshops was examined by the State Railway Workshops Committee and it is essentially on the basis of the recommendations of this Committee that the present scheme of remodelling the workshops has been drawn up.

Abstract estimates have been prepared by the East Indian Railway Administration separately for the Engineering, Electrical and Mechanical portions of the remodelling of the Workshops including Stores which show that the cost of the entire scheme is likely to amount to Rs. 102·73 lakhs. These estimates are being examined to see whether the various items of work included therein are necessary and justified from the financial point of view.

(*h*) *Electrification of Lines and Stations.*—The importance of the adoption of electric traction on the railway lines in the neighbourhood of busy towns and important trade centres, such as Bombay, Madras and Calcutta, was explained in the Explanatory Memoranda of the last two years' budget.

The only scheme which it has so far been possible to take in hand is that in the Bombay area, and it comprises the electrification of the suburban lines up to Kalyan and the main lines to Igatpuri and Poona on the Great Indian Peninsula Railway and of the suburban lines between Church Gate and Borivli and the main line between Grant Road and Bandra on the Bombay, Baroda and Central India Railway. Electrified services have already been established on the Harbour Branch, the Mahim Chord and the local lines between Victoria Terminus and Kurla and Thana on the Great Indian Peninsula Railway, and also quite recently on the Colaba Borivli section of the Bombay,

Baroda and Central India Railway. The work on the remaining sections is being vigorously pushed forward by the Railway Administrations concerned with a view to introducing electrified services on the whole of these sections at the earliest possible date.

Of the other schemes in contemplation, the possibilities of the electrification of the Calcutta suburban lines and also of an extension of the Bombay, Baroda and Central India Railway electrification from Borivli to Virar are still under examination. The investigations in the Madras area have been completed and it is now proposed to introduce electric traction on the Madras suburban section of the South Indian Railway.

The estimated capital cost of the various schemes of electrification of lines and the amounts provided therefor in the next year's budget are detailed below :—

(Figures in thousands of rupees).

	Estimated capital cost.	Approximate expenditure to end of 1927-28.	Provision for 1928-29.
Bombay, Baroda and Central India Railway—			
(i) Bombay local section—Electrification between Church Gate and Borivli Engineering portion	1,25,66	1,02,39	4,11
(ii) Bombay local section—Extension of Electrification to Virar	34,27	..	4,32
Great Indian Peninsula Railway—			
(i) Electric locomotives for main line	1,68,96	20,90	30,00
(ii) Track equipment for main line	2,02,84	28,61	35,00
(iii) Power sub-station for main line	88,17	20,15	18,00
(iv) Power transmission system for main line	79,03	21,78	20,00
(v) Steel Buildings, Cranes, etc.,	30,20	8,50	16,16
(vi) Miscellaneous expenditure on electrified services	3,11,52	2,30,83	67,76
South Indian Railway—			
Electrification of Madras Suburban Section	37,43	..	2,00

(*i*) *and* (*j*) *Sidings, Diversions and other Miscellaneous Works.*—The provision under these heads includes the expenditure proposed on miscellaneous works such as watering arrangements, development of collieries, train control installations, lengthening and isolation of loops, conversions, overbridges, jetties, etc. The following are among the more important works provided for :—

	Amount of provision made (in lakhs.)
Long distance terminal at Bellasis road, (Bombay, Baroda and Central India Railway)	17.91
Extension of guide bunds of Jumna River and straightening of east channel in Delhi Division (North Western Railway)	6.00
Water supply scheme at Jhansi (Great Indian Peninsula Railway)	5.00
Overbridge at Elephant Gate, Madras (Madras and Southern Mahratta Railway)	5.42
Talchir Colliery (Madras and Southern Mahratta Railway)	5.24
Construction of a fifth jetty at Chittagong (Assam Bengal Railway)	5.00
Conversion of Erode Branch (South Indian Railway)	2.55

An item of particular importance for which provision has been included under these heads is the expenditure on schemes for the improvement of training facilities for railway staff. The following are the details of the provision made for the more important institutions :—

	Lakhs
Staff College at Dehra Dun (East Indian Railway) . .	10·70
Training School at Gomoh (East Indian Railway) . .	6·41
Training School at Lyallpur (North Western Railway) .	4·42

6. *Amenities for third class passengers.*—The forward policy which has in recent years been adopted in the matter of the provision of amenities for lower class passengers with a view to improving the conditions of their travel is being steadily continued by Railway Administrations in close consultation with the Local Railway Advisory Councils.

As explained in the last year's Explanatory Memorandum of the Budget, in as much as the lower class passengers share the facilities provided when schemes of general improvement such as remodelling of station yards, electrification of station yards, electrification of stations, and improvement of train services, are undertaken, an appreciable proportion of the amounts provided for expenditure on such schemes falls under this head. Quite apart from, and in addition to this, provision has been made in the next year's budget to the extent of 220·04 lakhs for amenities which are specially intended for improving the conditions of travel of lower class passengers. The following are the details of this provision :—

	Lakhs.
1. Arrangements for water supply to passengers . .	5·30
2. Waiting sheds, waiting rooms and waiting halls. .	16·04
3. Indian refreshment rooms	4·50
4. Booking facilities	2·21
5. Latrines and sanitary arrangements . . .	4·84
6. Raised platforms	6·02
7. Additions and betterments to lower class carriages .	181·13
Total .	220·04

7. *Rolling Stock.*—The approved programmes of Railway Administrations contemplate the following expenditure on account of rolling stock during 1928-29.

	Lakhs.
(*a*) *Capital Expenditure*—	
(i) for additional stock	209·50
(ii) for improvement to existing stock . . .	268·96
Total Capital . . .	478·46
(*b*) Expenditure chargeable to the Depreciation Fund for renewals of worn-out stock, etc, ...	331·90
Total Expenditure .	810·36

In addition to the above expenditure provision has been made in the programme for the following expenditure to complete works sanctioned in previous years' programmes :—

	Lakhs.
Capital	53·59
Depreciation Fund	29·67

This brings the total provision for rolling stock in 1928-29 to—

	Lakhs.
Capital	532·05
Depreciation Fund	361·57
Grand total .	893·62

Specific allotments set apart for

	Broad Gauge.				Metre
	Additions.	Renewals.		Total.	Additions.
	Capital.	Capital.	Depreciation Fund.	Capital.	Capital.
I.—*Locomotives*—					
(*a*) Engines and Tenders .	8,16	98,16	66,70	1,06,32	37,81
(*b*) Boilers . . .	..	21	6,83	21	91
(*c*) Electric Headlights for locos . . .	..	4,58	35	4,58	..
(*d*) Superheating of locos.	..	24,89	66,36	24,89	..
(*e*) Miscellaneous Expenditure . . .	..	10	26,03	10	..
II.—*Coaching Stock*—					
(*a*) I and II Class . .	13,36	18,04	18,16	31,40	3,03
(*b*) Inter and III Class .	27,64	17,63	16,70	45,27	27,77
(*c*) Other composite coaches . . .	41,53	49,00	33,56	90,53	15,61
(*d*) Conversions from gas to electricity . .	..	7,00	..	7,00	
(*e*) Miscellaneous Expenditure . . .	..	—13,64	14,30	—13,64	
III.—*Goods Stock*—					
(*a*) General Service .	..	2,62	3,04	2,62	15,52
(*b*) Other types . .	5,90	15,61	12,82	21,51	11,99
(*c*) Miscellaneous Expenditure . . .	..	—2,84	2,84	—2,84	..
Total .	96,59	2,21,36	2,67,69	3,17,95	1,12,64

various items are shown below :—

(Figures in thousands of rupees).

Gauge.				Narrow Gauge.				
Renewals.		Total.	Additions.	Renewals.		Total.	Grand Total.	Grand Total.
Capital.	Depreciation Fund.	Capital.	Capital.	Capital.	Depreciation Fund.	Capital.	Capital.	Depreciation Fund.
23,75	22,07	61,56	..	..	..	..	1,67,88	88,77
1,88	6,69	2,79	..	..	..	..	3,00	13,52
...	..	..	..	..	..	..	4,58	35
2,68	2,66	2,68	..	..	..	..	27,57	69,02
...	75	..	..	..	..	..	10	26,78
3,06	3,60	6,09	..	..	..	..	37,49	21,76
5,56	9,90	33,33	..	..	..	..	78,60	26,60
4,59	3,68	20,20	27	..	..	27	1,11,00	37,24
10	..	10	..	70	16	70	7,80	16
20	..	20	..	..	..	..	—13,44	14,30
4,25	11,07	19,77	..	..	..	..	22,39	14,11
83	3,63	12,82	..	..	..	..	34,33	16,45
...	..	..	..	..	..	..	—2,84	2,84
46,90	64,05	1,59,54	27	70	16	97	4,78,46	3,31,90

The programme authorised by the Railway Board at the time of the preparation of the budget for 1928-29 provides for the construction of new units of stock shown in the table below, all of which, however, will not necessarily be completed and available for use before the 31st March 1929.

	Broad Gauge.			Metre Gauge		
	Additions No.	Renewals No.	Total No.	Additions No.	Renewals No.	Total No.
1. Locomotive engines	8	149	157	40	73	113
2. Coaching vehicles (in terms of four wheelers).—						
(a) I and II class	66	100	166	45	51	96
(b) Inter and III class . .	138	194	332	300	177	477
3. Goods wagons (in terms of four wheelers) . .	..	232	232	860	646	1,506

NOTE.—The figures in this paragraph are exclusive of III class composite coaches to be built with luggage, brakes, postal compartments, etc. The figures for goods stock represent the number intended for the carriage of goods for the general public and exclude all special types of goods stock, such as oil tanks, rail and timber trucks, sheep vans, ballast wagons, etc.

The following statement shows for the broad, and metre gauge lines, the details of the new units of coaching and goods stock in terms of four-wheeler units included in the programme for 1928-29 which will be constructed as *additions* to the authorised stock of the railways :—

Railways.	I and II Class coaching vehicles.		Inter and III Class coaching vehicles.		Goods wagons. General Service.
	Broad Gauge.	Metre Gauge.	Broad Gauge.	Metre Gauge.	Metre Gauge.
East Indian . . .	13	..	21	..	..
Eastern Bengal . . .	46	12	10	32	..
Great Indian Peninsula .	..	..	40	..	..
Burma	..	28	..	116	300
Bombay, Baroda and Central India	4	5	..	72	..
South Indian . . .	..	..	46	..	460
Madras and Southern Mahratta . . .	3	..	21	..	..
Assam Bengal . . .	..	..	..	80	100
Total .	66	45	138	300	860

NOTE.—The above figures exclude composite coaches having compartments for classes other than those specified.

New Lines.

8. A complete list of new lines, whether under construction or likely to be commenced during the year 1928-29, for which the allotment of 11·15 crores proposed for new construction is intended, is given in the demands for grants for new construction and strategic lines. The total mileage of these new lines excluding that of the lines to be opened this year aggregates 4,670 miles. The additions to the several main systems are indicated in the tabulated statement below :—

Railway System.	Lines in Progress.	Lines the construction of which has been sanctioned but not yet commenced.	Unsanctioned lines.	Total.
Assam Bengal	133	30	71	234
Bengal Nagpur	381	..	41	422
Bengal and North Western	..	..	55	55
Bombay, Baroda and Central India	73	..	188	261
Burma	432	..	..	432
Eastern Bengal	185	..	153	338
East Indian	405	..	..	405
Great Indian Peninsula	88	98	424	610
Jodhpur	..	..	73	73
Madras and Southern Mahratta	195	..	295	490
North Western	201	140	258	599
Rohilkhand and Kumaon	..	..	70	70
South Indian	304	..	288	592
Strategic	89	..	..	89
Total	2,486	268	1,916	4,670

9. It is expected that about 636 miles of railway will be opened in the current financial year and 885 miles in 1928-29. The details are as follows :—

Lines opened and to be opened in 1927-28.

Name of Project.	*Number of miles.*
Assam Bengal Railway—	
Simaluguri (Sibsagar Road) Khowang	39
Burma Railways—	
Heho Tayaw	11
Taungdwingyi Kyaukpadaung Railway (Taungdwingyi Natmauk Section)	25
Myingyan Natogyi Paleik Railway (Myingyan Natogyi Section)	19
Eastern Bengal Railway—	
Dinajpur Ruhea	48
East Indian Railway—	
Rikhikesh Road Rikhikesh	7
Madras and Southern Mahratta Railway—	
Hotgi Sholapur	10
Kannivihalli Swamihalli Extension	11
Nizam's Guaranteed State Railway—	
Dronachalam (Dhone) Kurnool Extension	5
North-Western Railway—	
Hindubagh Quilla Saifulla	39
Lyallpur Jaranwala	22
Rohtak Panipat	44
Jassar Shakargarh	26
Amritsar Narowal	40
Chak Jhumra Chiniot	17
South Indian Railway—	
Virudhunagar Tenkasi	76
Shoranur Nilambur Railway (Angadipuram Nilambur Section)	24
Villupuram Trichinopoly Railway (Golden Rock Bikshander Kovil Section)	8
Dindigul Pollachi	75
Madura Bodinaikanur	55
Cuddalore Vriddhachalam	35
Total	636

Lines to be opened in 1928-29.

Name of Project.	*Number of miles.*
Assam Bengal Railway—	
Furkating Badulipara Jorhat	42
Karimganj Longai	48
Bengal Nagpur Railway—	
Kedla Colliery Branch	5
Bombay, Baroda and Central India Railway—	
Jambusar Kavi	18
Samni Dehej	25
Burma Railways—	
Kayan Thongwa	11

Lines to be opened in 1928-29—contd.

	Number of miles.
Eastern Bengal Railway—	
Baruipur Lakshmikantapur	24
Purnea Murliganj	53
Abdulpur Nawabganj	55
East Indian Railway—	
Daltonganj Barkakhana	114
Anuppur Karimati	40
Great Indian Peninsula Railway—	
Agra Bah	43
Madras and Southern Mahratta Railway—	
Nidadavolu Narasapur	47
Cocanada Kotipalli	27
Gudivada Bhimavaram	44
North Western Railway—	
Quilla Saifulla Fort Sandeman	89
Kangra Valley	103
South Indian Railway—	
Villupuram Trichinopoly	100
Total	885

10. Since the last budget was presented to the Assembly proposals for the construction of the railways detailed in the following statement were placed before, and accepted by, the Standing Finance Committee for Railways. Full details of these projects are contained in the proceedings of the Standing Finance Committee quoted against each.

Name of Project.	Capital cost (including interest during construction).	Return expected.	Reference to proceedings of the Standing Finance Committee for Railways.
	Lakhs of Rs.	Per cent.	
(*i*) Bridge over the Indus at Kalabagh (North Western Railway).	45·81	4·98	Item No. 1 in Vol. IV, No. 3.
(*ii*) Khushab Chak Jumra Railway.	1,27·05	6	Item No. 2 in Vol. IV, No. 3.
(*iii*) Darwha Pusad Railway	30·24	6·81	Item No. 17 in Vol. IV, No. 4.
(*iv*) Rohtak Bhiwani Railway.	18·90	5	Item No. 18 in Vol IV, No. 4.
(*v*) Bridge over the Irrawaddy at Sagaing (Burma Railways).	1,38·85	The project cannot be classed as remunerative and has been undertaken on the guarantee of the local Government.	Item No. 20 in Vol. IV, No. 4.

Name of Project.	Capital cost (including interest during construction).	Return expected.	Reference to proceedings of the Standing Finance Committee for Railways.
	Lakhs of Rs.	Per cent.	
(*vi*) Boriavi Vadtal Railway	2·52	5	Item No. 2 in Vol. IV, No. 5.
(*vii*) Lucknow Sultanpur Jaunpur Railway.	1,27·83	5·8	Item No. 3 in Vol. IV, No. 5.
(*viii*) (*a*) Purnea Murliganj Railway.	17·80	6·6	Item No. 4 in Vol. IV, No. 5.
(*b*) Dhima Behariganj Branch.	8·54	6·5	
(*ix*) Trichinopoly Karaikudi Manamadura Railway.	1,36·00	5·37	Item No. 5 in Vol. IV, No. 5.
(*x*) Habiganj Shaistaganj Railway.	7·92	6·8	Item No. 6 in Vol. IV, No. 5.
(*xi*) Unao Madhoganj Railway.	38·00	6·3	Item No. 7 in Vol. IV, No. 5.
(*xii*) Chandpur Bijnor Muazampur Narain Railway.	25·42	6·1	Item No. 8 in Vol. IV, No. 5.
(*xiii*) Quilla Saifulla Fort Sandeman Railway.	46·23 (excluding interest).	It is a strategic line and will be worked at a loss which will be gradually reduced by the development of public traffic.	Item No. 3 in Vol IV, No. 6.
(*xiv*) Abdulpur Nawabganj Railway.	66·70	6·2	Item No. 12 in Vol. IV, No. 6.
(*xv*) Salem Metur Dam Railway.	18·99	The project is not expected to be remunerative and has been undertaken on the guarantee of the Madras Government.	Item No. 1 in Vol. IV, No. 7.
(*xvi*) Salem Attur Vriddhachalam Railway.	89·00	5·8	Item No. 2 in Vol. IV, No. 7.
(*xvii*) Batala Butari Railway	35·80	5·16	Item No. 3, Vol IV, No. 7.
(*xviii*) Kalukhali Bhateapara Railway.	43·46	5	Item No. 4, Vol. IV, No. 7.
(*xix*) Feni Belonia Railway.	14·72	5·8	Item No. 5, Vol. IV, No. 7.
(*xx*) Minbu and Pakokku Districts Railway.	5,04·30	5·32	Item No. 6, Vol. IV, No. 7.
(*xxi*) Khamgaon Chikli Railway.	38·84	6	Item No. 13, Vol. IV, No. 8.
(*xxii*) Senchoa Mairabari Railway.	22·76	13	Item No. 14, Vol. IV, No. 8.
(*xxiii*) Kartal Attara Kamasin Railway.	42·59	6·66	Item No. 15, Vol. IV, No. 8.
(*xxiv*) Lyallpur Chananwala Railway.	1,22·00	5·8	Item No. 16, Vol. IV, No. 8.

11. The more important new lines included in the budget but not yet sanctioned are described below. Details of the less important projects are given in the budget books of individual railways.

BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

Kapadvanj Modassa Meghraj Railway (2′ 6″ gauge, 54 miles).—This line will form an extension of the 2′ 6″ gauge Nadiad Kapadvanj branch, and was suggested by the Government of Bombay in 1911 while the branch was under construction. Alternative alignments from Kapadvanj to Modassa and Kapadvanj *via* Malpur to Meghraj were surveyed by Messrs. Killick, Nixon and Co., the promoters of the branch line, in 1913. Proposals to construct the line as far as Modassa were under consideration in 1915, but the Idar Durbar through whose territory the line was to pass desired that the line if constructed should terminate at Meghraj and in order to meet their wishes it was decided to carry the line as far as Meghraj. The project, however, was held up at this stage owing to the financial conditions brought about by the war.

The extension will develop a thickly populated tract of country and provide direct railway communication to the important towns of Baad, Modassa and Meghraj. On the recommendation of the Local Government the engineering and traffic estimates have been brought up to date by the Bombay, Baroda and Central India Railway Administration, and are at present under examination. It is expected that the construction of the extension will prove a remunerative proposition.

Deesa via *Deodhar to Tharad Railway (metre gauge, 61 miles).*—This line will form an extension of the Palanpur Deesa Railway, a branch of the Bombay, Baroda and Central India Railway metre gauge system, and will serve the western portion of the Palanpur Agency. The line was surveyed in 1900 and was demarcated as a famine relief work in 1911-12. The revision of the estimates in the light of present-day conditions is in hand, and the information already available indicates that the line is likely to prove financially justifiable.

EASTERN BENGAL RAILWAY.

Sainthia Berhampur Halsa Railway (5′ 6″ gauge, 100 miles).—This line will form a useful cross connection between the East Indian and Eastern Bengal Railways and while acting as a relief to the existing routes for the carriage of coal from the Bengal coalfields to these two Railways will also reduce the lead on this traffic.

The proposal for this connection has been under consideration since 1907 and several alternative alignments have been investigated. The estimates for the alignment now selected are under preparation and although considerable waterway is necesary it is estimated that the line will prove remunerative.

Dacca Aricha Railway (5′ 6″ gauge, 53 miles).—The construction of this line has for several years been pressed for by the local public as being very necessary in order to improve communications between the city of Dacca and Manickganj sub-division on the one hand and between Dacca and Calcutta on the other. Recently, additional reasons have been advanced for the construction of the line as forming a link with the proposed Sainthia Berhampore Halsa connection which will reduce considerably the lead on all coal from the Bengal coalfields to Eastern Bengal and Assam.

The first survey of the line was carried out in 1877-79, and the line was resurveyed in 1900 and again in 1915. Various alternative projects have been

considered from time to time for railway extension in this area, and a special Committee was appointed by the Government of Bengal in 1921 to investigate the question of the most suitable means of opening out by railway extension the whole of the area between the Padma and the Dhaleswari rivers. This committee advocated the construction of the Dacca Aricha Railway on an alignment following the District Board road between the two places. It was held at the time, however, that the construction of the line though feasible was likely to prove unremunerative and as such would require a guarantee from the local Government or District Board.

At the instance of the local Government a fresh survey has been undertaken for a light railway between Dacca and Aricha, and in this connection the reconnaissance of an alternative connection between Tangi and Aricha has also been recently sanctioned. The reports and estimates of the Dacca Aricha Railway have been prepared and are under examination.

Great Indian Peninsula Railway.

Diva Dasgaon Railway (5' 6" gauge, 93 miles).—This line will open out and develop the portion of the Konkan lying in the Thana and Colaba districts to the south of the existing railway between Bombay and Kalyan. Schemes for railway extension in this area have been under consideration since the year 1894 when a proposal was first put forward by the Madras and Southern Mahratta Railway Company for a line from Karad to the southern side of Bombay Harbour near Hog Island. In 1919 a survey was undertaken by the Madras and Southern Mahratta Railway Administration for a line of railway from Karad *via* Chiplun to Ulva. The results of this survey and subsequent investigations showed that the through line could not be justified and that the most promising line for the immediate development of the district below the ghats would be a branch of the Great Indian Peninsula Railway from Mumbra to Mahad. A detailed survey of this line was therefore sanctioned in 1926, and as a result of this survey the alignment proposed is from Diva to Dasgaon, Diva being selected as the most suitable point for the junction.

The estimates of the cost and traffic earnings of the project have been prepared and are at present under examination. The project is expected to be remunerative.

Nasik Belapur Sheogaon Railway (5' 6" gauge, 135 miles).—This project is one that has been strongly advocated by the Government of Bombay from time to time, and now stands first in importance in their list of railway schemes recommended for construction. It will serve a rich and well irrigated country the agricultural resources of which are undergoing rapid development as a result of the important irrigation schemes now in hand in this area.

The project comprises two lines, *viz.*,

(*i*) a line from Nasik to Belapur with a branch from Wavi to Sangamner, 89 miles ; and

(*ii*) a line from Belapur to Sheogaon, 45 miles.

The whole line from Nasik to Sheogaon was reconnoitred in 1916 alternatively on the broad, metre and narrow gauges, and the Nasik Belapur section with the proposed branch from Wavi to Sangamner was also surveyed in detail in 1921-22 as a broad gauge line. The estimates of cost and traffic earnings prepared as a result of these surveys have been revised recently by the Great Indian Peninsula Railway Administration allowing for the construction of a

light broad gauge line. These revised estimates are at present under examination. There is every prospect of the line proving a remunerative proposition particularly in view of the agricultural development that is taking place in this area in consequence of the extension of irrigation.

Hiwarkhed Akot Akola Basim Railway (5' 6" gauge, 91 miles).—This line originally formed part of a project for a metre gauge railway from Khandwa *via* Akola to Hingoli which was proposed as a link between the existing isolated metre gauge systems of Northern and Southern India and has been under consideration for many years. It was surveyed in 1912 as a metre gauge railway, but as a result of subsequent investigations it was decided that the country through which this line was projected could best be developed by branches off the Great Indian Peninsula Railway from Akola. As there is a probability of the Godavari Valley Railway being converted to broad gauge in the near future, the scheme for a metre gauge link has been definitely abandoned and the Hiwarkhed Akot Akola Basim line has been projected as a broad gauge line.

The line will serve a well populated and fertile country and will pass through the Akot, Akola and Basim taluqs of the Akola district. On the basis of the results of surveys previously carried out in this area uptodate abstract estimates of the cost and traffic earnings of the line have recently been prepared by the Great Indian Peninsula Railway Administration, and these estimates are at present under examination. The project has every prospect of proving a remunerative undertaking.

Jodhpur Railway.

Jhol Sanghar Hiral Railway (metre gauge, 73 miles).—This is a line that will connect up Hiral on the British Section of the Jodhpur Bikaner Railway to one of the stations, Jhol, Sinjharo or Khadro on the Mirpur Khas Khadro Railway. It forms part of the proposal for a line from Jhudo to Khadro *via* Hiral, put forward by the Bombay Government as a result of a representative conference convened by the Commissioner in Sind in April 1926 to consider the question of railway communications for the development of the South Eastern portion of Sind. An engineering survey of the line by the Agency of the Jodhpur Railway Administration has recently been sanctioned.

Madras and Southern Mahratta Railway.

Madras Renigunta (or Tirupati) Railway (metre gauge, 81 miles).—This line will link up the metre gauge section of the Madras and Southern Mahratta Railway with Madras. A proposal for such a connection was made in 1913 and a survey was carried out in 1914-15.

The natural route for this connection would be one direct from Madras to Renigunta, but on account of the intervening hills on this alignment two other lines which would serve the same purpose are being considered: one from Madras to Tirupati which would serve a large pilgrim traffic, and the other from Madras to Kalahasti which, though serving a smaller pilgrim traffic, would offer possibilities for further extension northward. Both routes are likely to open up country suitable for residential suburbs of Madras.

A reinvestigation of the project has recently been undertaken by the Madras and Southern Mahratta Railway Administration and the prospects of the alternative routes are being examined afresh.

Belgaum Hubli Railway via *Saundatti and Dharwar (metre gauge, 81 miles)*.—The Belgaum Hubli railway was surveyed in 1913 at the request of the Bombay Government, but as the results of this survey indicated that a return of only 3·5 per cent. could be expected the project was held in abeyance. A fresh investigation was sanctioned in 1925 and alternative routes are being investigated, one *via* Nargund and Navalgund and the other *via* Dharwar and Saundatti. The investigation has not yet been completed but from the information available the Saundatti Dharwar proposal appears the more favourable, and is likely to prove financially justifiable. This line if built will afford considerable relief to the existing single line between Belgaum and Hubli, which is already being worked to its full capacity.

Raibag Jamkhandi Bagalkot Railway (metre gauge, 77 miles).—This line forms a portion of a projected railway from Nipani to Ilkal *via* Raibag, Bagalkot and Hungund, parts of which have been under consideration since 1897, and were last surveyed in 1922. It will form a cross connection between the Hotgi Gadag and Poona Miraj Belgaum sections of the Madras and Southern Mahratta Railway system and will traverse in parts the Kolhapur, Sangli and Jamkhandi States. The main objects of the connection are to serve the important town of Jamkhandi, to open out the country traversed which possesses good prospects for cotton cultivation, and to mitigate the effects of famine which occurs on occasions when the normal rainfall is deficient. The construction of the line has for some time been pressed for by the local inhabitants, the Durbars of the States traversed, and by the Bombay Government. The whole project has been reinvestigated by the Madras and Southern Mahratta Railway Administration and the revised estimates of the cost, etc., are at present under preparation.

NORTH WESTERN RAILWAY.

Sind Left Bank Feeder Railways (5′ 6″ gauge, 162 miles).—This proposal is for the construction of a system of broad gauge feeder lines to serve the vast fertile area in Sind situated on the left bank of the Indus which is to be irrigated by the Rohri canals under the New Sukkur Barrage Scheme.

The project comprises the following lines :—

(*i*) A loop line from Mehrabpur to Pad Idan *via* Tharushah (43·07 miles).

(*ii*) A loop line from Nawabshah to Tando Adam (54·13 miles).

(*iii*) A chord line connecting Tharushah with Sakrand (64·9 miles).

The lines have been surveyed and estimates prepared. The financial prospects of the lines are not sufficiently attractive to enable construction to be undertaken without a guarantee. The Government of Bombay have expressed their willingness to guarantee the return on these lines and the exact terms of this guarantee are at present under negotiation.

Gujranwala Sialkot and Gujranwala Chuharkhana Railway (5′ 6″ gauge, 65 miles).—This line will form a useful cross connection bringing the important town of Gujranwala into closer rail communication with the important Mandi at Chuharkhana and the industrial centre of Sialkot. It will also serve an important and prosperous rural area and at the same time relieve the pressure on the heavily burdened main line between Gujranwala and Wazirabad. The survey and estimates have been completed and are under examination.

SOUTH INDIAN RAILWAY.

Pollachi Palghat Railway (metre gauge, 33 miles).—This line, linking up Pollachi with the broad gauge section of the South Indian Railway at Palghat, will complete the Dindigul Palghat Railway project originally surveyed in 1915-16 and of which the portion from Dindigul to Pollachi is at present being constructed. In connection with the Pollachi Palghat Railway it is proposed to lay a third rail between Palghat and Olavakkot so as to allow the metre gauge trains to run into Olavakkot and thus avoid a double transhipment for passengers at Olavakkot and Palghat.

This extension will open out a thickly populated and fertile tract of country and will improve the existing facilities for the export of timber from the Nellyambadi and Annamalai Hills and the Cochin State, and of coffee and paddy from the interior. The traffic prospects of the line have recently been re-investigated by the South Indian Railway administration and the estimates have been revised in the light of the changed conditions. These revised estimates are at present under examination. The line is expected to prove a remunerative proposition.

Satyamangalam Palni (metre gauge, 96 miles).—Several proposals have been considered from time to time for railway extensions to serve the area south of the Mysore border, and the line from Satyamangalam to Palni *via* Tiruppur and Dharmapuram has been selected as the one which while being most suitable for this purpose will at the same time form eventually the most convenient means of linking up the metre gauge system of the South Indian Railway with the Mysore Railways.

The Mysore Government have intimated their willingness to further the scheme for this connection and the survey of the portion from Satyamangalam to the border is at present in hand. The estimates for the project are under preparation.

Manamadura Virudhunagar or Maniyachi Railway (metre gauge, 65 miles).—This line will, in conjunction with the Trichinopoly Manamadura line now under construction, form a direct through connection from Trichinopoly to Tuticorin. The alternative alignments are being investigated but from information available the Manamadura Maniyachi alignment appears the more favourable proposal as it will traverse a rich cotton area the development of which has been hampered on account of the lack of adequate communications.

APPENDIX II.

Capital at charge on State Railways at end of 1925-26, capital expenditure during 1926-27 and estimated capital expenditure in 1927-28 and 1928-29.

(Figures in thousands of rupees.)

Railways.	To end of 1925-26.	Accounts, 1926-27.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.	To end of 1928-29.	Remarks.
Open Lines.						
State Railways worked by State—						
Aden (Commercial)	14,97	1	40	92	16,30	
Eastern Bengal	42,41,17	57,88	1,20,00	1,20,00	45,39,05	
East Indian	1,11,60,20	2,70,12	3,00,00	3,00,00	1,20,30,32	
Great Indian Peninsula	89,59,72	2,85,39	3,90,00	3,75,00	1,00,10,11	
North Western	80,13,93	7,80,49	4,00,00	2,08,14	94,02,56	
Strategic Lines	28,24,18	33,37	66,50	32,23	29,56,28	
Stores transactions	2,35,52	29,95	2,00	...	2,67,47	
Abandoned projects	32,26		...	...	32,26	
Total State Railways worked by State	3,54,81,95	14,57,31	12,78,90	10,36,29	3,92,54,35	
State Railways worked by Companies or Indian States,						
Assam Bengal	18,90,42	20,93	60,00	50,00	20,31,35	
Bengal Nagpur	64,42,23	84,28	1,20,00	1,42,34	67,88,85	
Bengal and North-Western (Tirhut)	8,88,61	1,25	10,00	5,36	9,05,22	
Bezwada Extension	17,11	20	2	43	17,76	
Bombay, Baroda and Central India	59,77,87	1,72,94	2,34,00	1,60,59	65,44,40	
Burma	25,58,12	65,15	1,05,00	70,00	27,98,27	
Jodhpur Hyderabad	58,09	5,59	7,98	10,60	82,26	
Madras and Southern Mahratta	44,60,41	1,02,88	1,83,00	1,35,00	48,90,29	
Rohilkund and Kumaon (Lucknow Bareilly)	1,56,44	—76	—1,21	—77	1,53,70	
South Indian	23,77,35	1,21,28	1,16,38	1,40,00	27,55,51	
Total State Railways worked by Companies or Indian States.	2,48,36,15	5,72,74	8,35,17	7,13,55	2,69,57,61	

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

Railways.	To end of 1925-26.	Accounts, 1926-27.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.	To end of 1928-29.	Remarks.
Brought forward	2,48,36,15	5,72,74	8,35,17	7,13,55	2,69,57,61	
Open Lines—*contd.*						
State Railway Collieries	69,42	16,37	6,43	9,95	1,02,17	
Total Open Lines	6,03,87,52	20,46,32	21,20,50	17,59,79	6,63,14,13	
Lines under construction.						
State Railways worked by State—						
Eastern Bengal—						
Baruipur Lakshmikantapur	9	3,25	14,00	9,00	26,34	
Dinajpur Ruhea	11	5,85	18,00	2,00	25,96	
Sainthia-Berhampur-Haisa	...	...	...	4,00	4,00	
Dacca Aricha	...	...	...	4,00	4,00	
Kalukhali-Kamarkhali Bhatea-para	...	...	1,00	11,00	12,00	
Krishnagar Navadwip	...	1	...	...	1	
Nawabganj Abdulpur	...	...	4,00	22,00	26,00	
Natore Rampur Boalia Nachoul	...	6	...	...	6	
Purnea Murliganj including Beharigani Branch	...	...	3,00	13,00	16,00	
East Indian—						
Central Indian Coalfields	1,23,71	82,94	89,00	85,71	3,81,36	
Phaphund Auriya	...	...	2,00	...	2,00	
Rajghat Buland-shahar Branch	...	...	1,00	...	1,00	
Chandrapura Gomoh	...	...	55	...	55	
Calcutta Chord	56	28,89	39,00	70,21	1,38,66	
Rikhikesh Road Rikhikesh	8,26	6,37	2,70	...	17,33	
Kedla Colliery	...	...	3,75	...	3,75	
Lucknow Sultanpur Jaunpur Railway	...	...	7,00	25,58	32,58	
Unao-Madhoganj	...	...	1,00	10,00	11,00	
Chandpur-Bijnor Muazzampur Narain Branch	...	...	1,00	12,50	13,50	
Great Indian Peninsula—						
Agra Bah	28	4,73	13,00	9,34	27,35	
Carried over	1,33,01	1,32,10	2,00,00	2,78,34	7,43,45	

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

Railways.	To end of 1925-26.	Accounts, 1926-27.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.	To end of 1928-29.	Remarks.
Brought forward	1,33,01	1,32,10	2,00,00	2,78,34	7,43,45	
Lines under construction— *contd.*						
State Railways worked by State —*contd.*						
Kurla Trombay Line	...	6,43	1,50	...	7,93	
Darwha-Pushad	...	...	1,00	10,60	11,60	
Kartal Kamasin	...	...	50	14,00	14,50	
Nasik Belapur Sheogaon	...	...	50	14,00	14,50	
Diva-Dasgaon (late Mumbra Mahad) Railway	...	...	50	18,00	18,50	
Khamgaon-Chikli Railway	...	...	50	9,66	10,16	
Hiwar khed-Akot-Akola Bassim (late Khandwa Hingoli) Railway	...	...	50	14,00	14,50	
Harpalpur-Bharwa Sumerpur Railway	...	...	...	5,54	5,54	
Orai Jalaun-Madhogarh Jagamanpur (late Kunch Madhogarh) Railway	...	...	...	4,86	4,86	
Jhol Sanghar Hiral Branch	...	...	...	5,00	5,00	
North Western—						
Amritsar Narowal	30	3,11	25,00	85	60,26	
Kangra Valley	5,34	56,75	90,00	57,00	2,09,09	
Shahdara Narowal	6,06	19,73	2,00	...	27,79	
Jassar-Shakargarh Chak Amru	...	4,22	11,50	33	16,05	
Rohtak Gohana Panipat	...	5,38	...	50	5,88	
Lyallpur Jaranwala	...	5,42	8,31	30	14,03	
Chak Jhumra Chiniot	...	43	18,50	...	18,93	
Rohtak Bhiwani	...	...	15,00	10,00	25,00	
Khushab Chiniot	...	...	24,09	42,50	66,59	
Lyallpur Chananwala	...	...	...	12,00	12,00	
Thanesar-Jagadhri	...	...	...	3,00	3,00	
Sind Left Bank Feeders	...	...	1,00	12,00	13,00	
Batala Butari	...	...	1,00	8,64	9,64	
Nasabagh Bridge	...	...	3,00	15,74	18,74	
Gujranwala-Sialkot Chuharkana	...	...	60	12,95	13,55	
Strategic Lines	2,70,71	17,27	29,50	43,77	3,61,25	
Total State Railways worked by State	4,15,42	2,81,84	4,34,50	5,93,58	17,25,34	

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

Railways.	To end of 1925-26.	Accounts, 1926-27.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.	To end of 1928-29.	Remarks.
Lines under construction—*contd.*						
State Railways worked by Companies or Indian States—						
Assam Bengal—						
Sibsagar Road Khawang	22,89	5,90	3,40	...	32,19	
Furkating Badulipara Jorhat	12,56	7,81	6,50	1,71	28,58	
Karimganj Longai Valley	1	13,98	11,95	3,00	28,94	
Netrakona Mohanganj	...	...	4,00	10,29	14,29	
Habiganj Shaistaganj Balla	...	...	3,00	5,00	8,00	
Senchoa Mairabari	...	...	2,15	5,00	7,15	
Feni Belonia	...	...	2,00	4,00	6,00	
Chittagong-Fatikchari	...	...	2,00	6,00	8,00	
Megna Bridge at Bhairab	...	...	...	1,00	1,00	
Chittagong Duhazari	...	...	...	2,00	3,00	
Bengal Nagpur—						
Raipur Vizianagram	17,86	31,52	67,37	68,84	1,85,59	
Tumsar Road Tirodi	53	7,64	12,31	23,75	44,23	
Talcher Coalfields	79,86	14,05	...	...	93,91	
Barkakhana Chandil	1,17,40	49,88	...	...	1,67,28	
Guttitangar Branch	1,03	1,45	—26	...	2,22	
Kedla Colliery Branch	...	20	58	...	78	
Contai Road Contai	...	...	...	5,00	5,00	
Bally Bridge connection	...	...	...	7	7	
Bengal and North-Western—						
Mashrak Tawe	...	...	...	7,25	7,25	
Chakia Karnaul Parsauni	...	...	...	4,00	4,00	
Bombay, Baroda and Central India—						
Jambusar Kavi	1,06	1,62	3,00	6	5,74	
Vasad Katana	...	...	...	4,66	4,66	
Nadiad Kaira	...	...	...	5,08	5,08	
Samni Dehej	...	2,23	4,20	2,61	9,04	
Borlavi Vadtal	...	...	80	1,00	1,80	
Kadapvanj Meghraj	...	...	...	10,00	10,00	
Carried over	2,53,20	1,36,28	1,23,00	1,70,32	6,82,80	

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

Railways.	To end of 1925-26.	Accounts, 1926-27.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.	To end of 1928-29.	Remarks.
Brought forward	2,53,20	1,36,28	1,23,00	1,70,32	6,82,80	
Lines under construction—*contd.*						
State Railways worked by Companies or Indian States—*contd.*						
Thasra-Virpur-Railway	...	...	...	11,00	11,00	
Deesa Via Deodhar to Tharad Railway	...	...	...	10,00	10,00	
Kotah-Bundi Railway	...	...	...	5,00	5,00	
Burma—						
Bauktaw Mingaladon	6,30	85	75	...	7,90	
Pyinmana Taungdwingyi	73,59	—5,44	2,51	...	70,66	
Moulmein Ye	1,03,30	—8,51	—1,32	...	93,47	
Segyi Ye U	11,97	1,19	...	...	13,16	
Pegu Kayan	30,41	16,52	7,17	...	54,10	
Heho Tayaw	3,80	9,96	6,50	1,09	21,35	
Mandalay Madaya	6,14	5,14	2,52	...	13,80	
Taungdwingyi Kyaukpadaung	9,30	3,47	20,00	15,00	77,77	
Sagaing Bridge	...	...	5,00	25,00	30,00	
Myingyan Natogyi Paleik	...	3,37	23,00	19,41	45,78	
Kayan Thongwa	35	4,10	7,83	1,50	13,77	
Nyunglebin Madauk	...	38	5,00	6,00	11,38	
Alon Saingbyin	19,89	—5,11	64	..	15,42	
Taungdwingyi-Minbu Pakokku—						
(*a*) Taungdwingyi Patanago	...	...	4,41	20,00	24,41	
(*b*) Patanago Malun Pakokku	...	...	1,00	5,00	6,00	
Madras and Southern Mahratta—						
Nidadavolu Narasapur	1,38	26,79	15,00	13,28	56,45	
Cocanada Kotepalli	...	7	10,00	12,42	22,49	
Gudivada Bhimavaram	66	16,68	12,24	6,03	35,61	
Hotgi Sholapur	12	5,54	2,32	...	7,98	
Kannivihalli Swamihalli	...	1,86	6,44	...	8,30	
Guntur-Gurzala-Macherla	...	37	13,00	20,00	33,37	
Belgaum Hubli *via* Saundatti and Dharwar	...	...	...	9,00	9,00	
Raibag-Jamkhandi-Bagalkot	...	...	...	5,00	5,00	
Madras Renigunta Railway	...	...	...	5,00	5,00	
Dundur Nargund Railway	...	...	...	1,27	1,27	
Nipani Raibag Railway	...	...	...	3,00	3,00	
Carried over	5,20,41	2,43,51	2,67,00	3,64,32	13,95,24	

APPENDIX II—*concld.*

(Figures in thousands of rupees.)

Railways.	To end of 1925-26.	Accounts, 1926-27.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.	To end of 1928-29.	Remarks.
Brought forward	5,20,41	2,43,51	2,67,00	3,64,32	13,95,24	
Lines under construction—*concld.*						
State Railways worked by Companies or Indian States—*concld.*						
South Indian—						
Villupuram Trichinopoly	51,80	67,81	45,00	31,41	1,96,02	
Virudunagar Tenkasi	30,79	21,75	12,00	1,45	65,99	
Shoranur Nilambur	42,92	17,11	15,00	67	75,70	
Dindigul Pollachi	5,63	21,65	35,00	7,14	69,42	
Trichinopoly Karaikudi Manamadura Railway	...	53	7,00	50,00	57,53	
Mayavaram Tranquebar	4,01	3,53	4,00	2,23	13,77	
Madura Bodinayakanur	44	11,29	30,00	1,10	42,83	
Vriddhachalam Cuddalore	65	6,24	19,00	1,00	26,89	
Salem Attar Vriddhachallam	...	...	1,00	20,00	21,00	
Pollachi Palghat	...	...	...	15,03	15,03	
Bodinaikanur-Gudalur	...	...	...	3,00	3,00	
Salem Mettur Dam	...	...	2,00	7,97	9,97	
Satyamangalam-Palni	...	...	...	2,00	2,00	
Karaikudi Devacottah	...	...	...	4,00	4,00	
Thattakad-Valparai	...	...	...	1,00	1,00	
Manamadura-Virudhunagar or Maniyachi	...	...	...	1,00	1,00	
Tellicherry-Paravur Makut	...	...	...	1,00	1,00	
Rohilkund and Kumaon (L. B. Railway)—						
Shahbaznager-Mailani	...	...	...	1,00	1,00	
Nizam's Guaranteed State Railways—						
Dhone (Dronachalam) Kurnool Extension.	...	1,21	3,00	5,99	15,20	
Total State Railways worked by Companies or Indian States	6,56,65	3,94,63	4,45,00	5,21,31	20,17,59	
Total Lines under Construction	10,72,07	6,76,47	8,79,50	11,14,89	37,42,93	
Total Open Lines and Constructions	6,14,59,59	27,22,79	30,00,00	28,74,68	7,00,57,06	
Deduct—Probable savings	...	...	...	4,74,68	4,74,68	
Purchase price of Burma Railways	...	...	...	4,00,00	4,00,00	
Net	6,14,59,59	27,22,79	30,00,00	28,00,00	6,99,82,38	

APPENDIX III.

Gross receipts, working expenses, and net receipts of State Railways for five years ending 1926-27, with Revised Estimates for 1927-28 and Budget Estimates for 1928-29.

(Figures in thousands of rupees).

State Railways.	Accounts.					Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.		
	M.	*M.*	*M.*	*M.*	*M.*	*M.*	*M.*
Open mileage at end of year .	26,961	27,162	27,324	27,430	28,004	28,640	29,525
Gross Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways worked by the State.							
Eastern Bengal . . .	5,24,51	5,34,77	5,99,16	6,33,87	6,77,12	7,19,10	7,32,00
East Indian	19,40,52	19,86,73	20,90,57	19,92,11	19,77,51	20,79,60	20,24,20
Great Indian Peninsula . .	14,82,10	14,51,06	15,29,68	14,79,90	14,80,21	15,26,30	15,06,30
North Western—Commercial Lines	13,95,24	13,46,96	15,39,35	13,78,33	14,18,69	14,94,20	14,60,30
Strategic Lines . . .	1,55,26	1,71,15	1,59,87	1,64,07	1,53,45	1,54,65	1,59,60
State Railways worked by Companies or Indian States.							
Assam Bengal . . .	1,20,57	1,28,90	1,44,14	1,64,51	1,76,28	2,04,30	2,11,30
Bengal Nagpur . . .	7,70,71	7,70,94	8,39,16	8,39,99	8,22,29	8,74,10	8,85,00
Bombay, Baroda and Central India	11,75,19	11,95,42	12,39,54	12,25,95	11,35,35	11,35,40	11,44,70
Burma	4,06,98	4,11,38	4,29,89	4,93,82	4,92,69	5,24,30	5,36,20
Madras and Southern Mahratta	7,30,03	7,39,55	7,92,89	8,19,23	8,12,55	8,44,00	8,45,00
South Indian . .	5,10,29	5,27,06	5,14,78	5,44,12	5,48,91	5,79,20	5,82,10
Other Railways . . .	2,10,74	2,01,60	2,25,53	2,34,10	2,38,93	2,39,85	2,38,40
Total Central .	93,22,14	94,65,52	1,01,04,56	99,70,00	99,03,98	1,03,75,00	1,03,25,00
India .	93,14,78	94,58,48	1,00,97,94	99,63,60	99,00,19	1,03,68,54	1,03,18,56
England .	4,83	4,83	4,83	4,82	2,83	6,44	6,44
Exchange .	2,53	2,21	1,79	1,58	96	2	...

APPENDIX III—*contd.*

State Railways.	Accounts. 1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Working Expenses.							
State Railways worked by the State.							
Eastern Bengal	4,40,77	3,95,73	4,26,71	4,64,18	4,45,39	4,59,34	4,58,22
East Indian	12,62,87	12,35,90	13,02,84	12,22,71	12,02,87	12,16,04	11,83,00
Great Indian Peninsula . .	11,11,08	9,60,04	9,11,81	10,68,03	10,42,39	9,89,03	10,18,58
North-Western—Commercial Lines	10,06,98	9,11,32	9,52,44	8,96,09	9,64,47	9,58,53	9,51,40
Strategic Lines . . .	2,22,34	1,89,68	1,95,76	1,80,14	1,86,71	1,85,49	1,87,23
State Railways worked by Companies or Indian States.							
Assam Bengal	92,27	91,01	90,96	88,93	95,92	1,18,01	1,22,47
Bengal-Nagpur	4,43,17	5,11,27	5,15,72	5,25,36	4,74,21	6,01,55	5,95,08
Bombay, Baroda and Central India	8,24,17	7,14,56	6,70,85	7,51,90	7,14,10	7,26,29	7,08,86
Burma	2,43,96	2,52,26	2,53,53	2,74,77	2,82,51	2,92,06	2,98,23
Madras and Southern Mahratta	4,75,26	4,34,21	4,34,98	4,77,09	4,54,60	4,70,52	4,81,13
South Indian	3,59,09	3,04,75	2,82,57	3,16,51	2,93,80	3,12,92	3,28,80
Other Railways	1,14,20	1,04,55	1,10,44	1,07,61	1,15,04	1,17,02	1,15,96
Difference between the actual expenditure from Depreciation Fund and the contribution to the Fund	...	...	1,80,47	68,64	1,68,21	...	...
Deduct—Difference between book and market value of stores .	...	...	—38,29	...	...	...	...
Total Central .	65,96,16	61,05,28	62,90,79	64,41,96	64,39,72	64,46,80	64,49,00
India .	65,96,16	61,05,28	62,90,79	64,27,62	63,90,15	64,00,53	64,03,24
England .	...	...	...	10,79	37,01	46,11	45,76
Exchange .	...	...	...	3,55	12,56	16	...

APPENDIX III—*concld.*

State Railways.	Accounts.					Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Net Receipts.							
State Railways worked by the State.							
Eastern Bengal	83,74	1,39,04	1,72,45	1,69,69	2,31,73	2,59,76	2,73,78
East Indian	6,77,65	7,50,83	7,87,73	7,69,40	7,75,14	8,63,56	8,41,20
Great Indian Peninsula	3,71,02	4,91,02	6,17,87	4,11,87	4,37,82	5,37,27	4,37,62
North Western—Commercial lines	2,88,26	4,35,64	5,86,91	4,82,24	4,54,22	5,35,67	5,08,90
Strategic lines	—67,08	—18,53	—35,89	—16,07	—33,26	—30,84	—27,62
State Railways worked by Companies or Indian States.							
Assam Bengal	28,30	37,89	53,18	75,58	80,36	86,29	88,83
Bengal Nagpur	3,27,54	2,59,67	3,23,44	3,14,63	3,48,08	2,72,55	2,59,92
Bombay, Baroda and Central India	3,51,02	4,80,86	5,68,69	4,74,05	4,21,25	4,09,11	4,35,84
Burma	1,63,02	1,59,12	1,76,36	2,19,05	1,80,18	2,32,24	2,37,92
Madras and Southern Mahratta	2,54,77	3,05,34	3,57,91	3,42,14	3,57,95	3,73,48	3,63,87
South Indian	1,51,20	2,22,31	2,32,21	2,27,61	2,55,11	2,66,28	2,53,30
Other Railways	96,54	97,05	1,15,09	1,26,49	1,23,89	1,22,83	1,22,44
Deduct—Difference between the actual expenditure from Depreciation Fund and the contribution to the Fund	...	...	—1,80,47	—68,64	—1,68,21	...	...
Add—Difference between the book value and the market value of stores	...	...	+38,29	...	...	...	...
Total Central	27,25,98	33,60,24	38,13,77	35,28,04	34,64,26	39,28,20	38,76,00
India	27,18,62	33,53,20	38,07,15	35,35,98	35,10,04	39,68,01	39,15,32
England	4,83	4,83	4,83	—5,97	—34,18	—39,67	—39,32
Exchange	2,53	2,21	1,79	—1,97	—11,60	—14	...

PART II.

GENERAL BUDGET.

Speech of the Finance Membe

Introducing the

Budget for 1928-29.

INTRODUCTORY.

Sir, before last Simla session, long before the Finance Department is usually called upon to make a close forecast of the budget of the succeeding year, questions raised by the report of the Tariff Board on the Cotton Industry necessitated a decision to sacrifice nearly a crore a year of our customs revenue. This decision which added to the risks already taken in framing a budget for 1927-28 which left a gap of about a crore and three-quarters on the wrong side in the prospective figures for 1928-29, has made the period of incubation of the present budget an exceptionally long one. Long preparation is apt to lead to a long budget speech. Moreover, last budget speeches, like speeches on other valedictory occasions, offer temptations to reminiscent prolixity. But, aware of the temptations that beset me in presenting the last budget statement that I shall have the honour of making to this House, I shall endeavour to signalise the occasion by making my speech a short one.

Actual outturn of 1926-27.

2. The revised estimates for 1926-27 published a year ago anticipated a total revenue of 1,29·97 crores and a total expenditure of 1,27·15 crores, leaving a net surplus of 2,82 lakhs. The final figures show a total revenue of 1,31·70 crores and a total expenditure of 1,28·74 crores, leaving a net surplus of 2,96 lakhs. The increased figures on each side of the account arose mainly from the method adopted for bringing railway revenue and expenditure into the account. The only important variation is an excess of 42 lakhs under military expenditure, which has been converted by minor variations under other heads into a small gain of 14 lakhs. In accordance with the proposals I made last year, the entire surplus of 2,96 lakhs has been taken to the Revenue Reserve Fund. The close approximation of the revised estimate to the actual outturn is an encouraging sign of the improvement in our methods of budgetting. The extent of this improvement will be clear from the statement attached to the printed speech which gives the corresponding figures for a period of ten years.

REVIEW OF THE YEAR 1927-28.

General conditions.

3. The visible balance of trade, including private imports of treasure, for the ten months ended 31st January, 1928, was in favour of India by 37·24 crores as compared with 27·05 crores a year ago. Both imports and exports of merchandise have increased

in value by 8 per cent. Improvement has been increasingly marked during the latter months of the year 1927, and it is a further sign of the inherent soundness of India's trade position that practically all the principal articles of import and export contribute to the increase. Among exports, raw cotton alone shows any appreciable falling off, reflecting the unsatisfactory conditions of the last harvest, but the figures for the present season, so far as they are available, hold out a better promise. I will not occupy the time of the House with figures for individual commodities except to refer to motor vehicles of which the statistics are of peculiar interest in relation to the development of India's road communications. Following the reduction in duty which came into force a year ago, increases of 16 and 35 per cent. respectively have been recorded in the number of motor cars and commercial motor vehicles imported during the first nine months of the year, but owing to lower prices, the yield of our customs duty on these imports has fallen below our expectations. During the last two years, however, prices in general have shown a stability unknown since the outbreak of the war. While more stable world conditions are partly responsible for this result without which there cannot be a healthy basis for the expansion of trade, the figures of India's trade reflect the advantages which have accrued from the stabilisation of the rupee. I always regard railway earnings as an important barometer of trade and the House has already been made aware of the remarkable improvement in the railway figures for 1927-28 which, by enabling important reductions to be made in railway charges, will itself give a new stimulus towards business and agricultural prosperity. In addition, I think I see other clear indications that during the last year Indian commerce has made a steady advance and that the effects of the post-war trade depression are at long last being dissipated. A noticeable feature of the trade returns is the reduction in the net imports of treasure by 6½ crores in the first ten months of the current year.

Revenue, 1927-28.

Customs.

4. The net customs receipts for 1927-28 were put at 48·73 crores. Present indications are that this estimate will be all but realised. There will, however, be rather wide variations under certain of the individual heads. For example, tobacco is now expected to yield 37 lakhs more, mineral oils 38 lakhs more, protective duties on iron and steel 25 lakhs more, and jute as much as 55 lakhs more than estimated, while there will be a deterioration of something like 70 lakhs under cotton piecegoods, and 40 lakhs under matches. On the whole, I think we shall be down by about 10 lakhs. This is very satisfactory when we remember that the estimate allows for the loss of about 45 lakhs due to the abolition of the import duties on mill stores and machinery consequent on decisions taken after the budget was framed. The stopping of the leakage in Kathiawar may be given as an important reason for improvement in our figures.

Taxes on Income.

5. Taxes on Income have proved a disappointment, particularly in Bengal where the original estimate was unduly high. I have taken the revised estimate at 15·65 crores against the original estimate of 16·95 crores—a deterioration of 1,30 lakhs.

Salt.

6. Salt revenue is down on the original estimate by 25 lakhs notwithstanding the fact that salt issues have so far been slightly in advance of last year. The system of credit sales accounts for a portion of the decrease, and I expect a better yield next year.

Opium.

7. The net revenue from opium scarcely varies from the original estimate, a slight reduction in the receipts being counterbalanced by a reduction in expenditure.

Railways.

8. The railway contribution, as the House is aware, is now estimated at 6·36 crores as compared with the budget figure of 5·48 crores. The latter estimate assumed that the net surplus would not exceed 3 crores and would therefore go in full to the Railway Reserve Fund. The improvement in railway earnings has the result of making the surplus considerably bigger, and one-third of the excess over 3 crores accrues to general revenues.

EXPENDITURE, 1927-28.

Military.

9. I put military expenditure at 54·92 crores, the same figure as in the original budget. Savings owing to troops being sent to China and other causes have been or are being used towards financing a programme of expenditure upon modernisation which the Army authorities and the Government of India recognise as urgent but for which adequate provision could not be made in the budget. It is satisfactory to note that no excess is anticipated over the original estimate.

Debt Services.

10. The head Debt Services shows a saving of 17 lakhs owing to an increase in the interest payable by Railways as a result of their having spent 30 crores on new capital works as against 25 crores provided in the budget. There is also an increase in the interest receivable from the Provincial Loans Fund owing to the larger advances made to it.

Other heads.

11. The only other variation of importance which I need mention is a decrease of 18 lakhs in irrigation expenditure. This is more apparent than real, and represents mainly a transfer from revenue to capital in the North-West Frontier Province.

Summary.

12. The above variations may be summarised as follows:

	(Lakhs of rupees.)	
	Better.	Worse.
Customs	..	10
Taxes on Income	..	1,30
Salt	..	25
Railways (net)	88	..
Debt Services	17	..
Irrigation expenditure	18	..
Other heads	42	..
	1,65	1,65

In other words, the revised estimate, like the original budget, exhibits neither a surplus nor a deficit. The latter put revenue and expenditure at 1,25·26 crores, the revenue figure including a special appropriation of 1,72 lakhs from the Revenue Reserve Fund to which the revenue surplus of last year was transferred. The revised estimates point to a total expenditure of 1,27·74 crores, and a total revenue of the same figures including a special appropriation of 1,69 lakhs from the Fund. Exclusive of this last item, the variation in the net result amounts to 3 lakhs only. Here again, we have reason to congratulate ourselves on the success of our budgetting.

Ways and Means and Public Debt.

13. Before giving the figures for next year, I propose to deal with the Ways and Means position. This may be briefly summarised as follows:

Summary.

(Crores of rupees.)

	Revised, 1927-28.	Budget, 1928-29.
Liabilities.		
Railway capital outlay	30·0	28·0
Other capital outlay	2·3	4·4
Provincial Governments' transactions	8·0	7·0
Discharge of debt (net)	25·4	19·1
Miscellaneous (net)	3·0	—·2
	68·7	58·3
Resources.		
Rupee Loan (net)	18·5	32·0
Sterling loan (net)	9·1	..
Postal Cash Certificates and Savings Bank	6·7	6·6
Other unfunded debt	4·9	5·1
Debt redemption	5·2	5·6
Depreciation and Reserve Funds	5·8	6·8
Gain on revaluation of Securities in the Paper Currency Reserve, etc. (net)	7·1	..
Reduction of cash balance	11·4	2·2
	68·7	58·3

Position satisfactory.

The net proceeds of the rupee loan in the current year amounted to 18½ crores only, while the total amount of debt redeemed amounted to 25·4 crores. Of this total 21½ crores represented the bonds maturing in 1927 and 1928 which were either converted or redeemed in cash. In our anxiety to guard the interests of the Indian taxpayer and in our desire not to disturb the market in Government securities which were being quoted at rather higher figures than we ourselves thought to be justified, we did not make the terms of our rupee loan as attractive as we possibly should have done, and the fact that it was a

short-dated loan seems to have militated against complete success. In the result, we had to tide over temporary difficulties by various expedients. The re-introduction of Treasury Bills in India was in full accordance with our plans, as we deliberately desired to improve the financial facilities of the Indian money market and check seasonal fluctuations in the market for Government securities by this means. We found it necessary, in addition, to resort to external borrowing, first by raising sterling bills to the extent of £5 million in England in July last which have since been repaid and later by the issue of a sterling loan of £7½ million about a month ago. Even so, the net cash receipts from the rupee and sterling loans aggregated only 27½ crores which was only about 2 crores more than the net amount of debt discharged and as much as 13 crores less than the amount required for railway and other capital outlay including that of Provincial Governments. It is no inconsiderable achievement to have financed a capital outlay of this magnitude in a year of rather difficult money conditions, in which our own calculations were upset by the fact that the capital expenditure was 6½ crores in excess of our original anticipations. It is, in my opinion, well worth India's while to persist in the policy of spending money freely on capital development for productive purposes. The railway budget introduced last week, with its big reductions in fares and freights, is evidence of the value of the policy we have been following. Very large sums are now being invested year by year in expansion of railways, in irrigation works, in harbour development and on hydro-electric and other projects. But if this policy is to be continued unchecked, there must be no slackening in the annual savings of the country and these must be made available without stint for loans for capital purposes whether issued by the Central Government, by Provincial Governments or by other authorities. For 1928-29 the capital programme of the railways is being restricted to 24 crores with a special addition of 4 crores for the purchase of the Burma Railways. The Railway Board would have liked a larger allotment, but we felt that this was as much as we could wisely provide in existing circumstances. The aggregate capital expenditure next year, including the drawings of Provincial Governments, is again expected to be in the neighbourhood of 40 crores, while the net amount of debt falling due for discharge will be 19 crores. Allowing for other capital resources available to us, I expect that it should be sufficient to raise a loan of about 32 crores only, of which about 13 crores will represent new money. I see no reason at present to think that the whole of this cannot be raised in India, but much must depend on the monsoon, and the fact that the payment to the Burma Railway Company has to be made in sterling adds to our sterling requirements. Indeed, if we effect the purchase out of money remitted from India, we shall really be paying off four crores of external indebtedness.

Home remittances.

14. A year ago, we estimated that we should require to remit £35¼ million to London during 1927-28. Actually, this would have been somewhat higher owing to our inability to carry out the remittance programme in full at the end of 1926-27, so that we started with abnormally low balances in London. In addition, the excess in our capital expenditure was partly incurred outside India. The sterling loan to which I have just referred has made it possible to reduce the net remittance figure to about £30¾ million of which £28½ million is expected to be remitted through the market. For 1928-29 the remittance figure has been put tentatively at £36 million, which will enable us to close the year with a normal balance.

Prices of Government securities.

15. I quote, as in previous years, the market prices of Indian Government securities in India which show how India's credit has improved in recent years.

	Market price on					
	1st February 1923.	1st February 1924.	1st February 1925.	1st February 1926.	1st February 1927.	1st February 1928.
	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.	Rs. a.
5 per cent Tax-free loan, 1945-55	88 4	96 10	97 15	100 12	107 5	106 10
3½ per cent Indian Government rupee loan	57 0	66 0	66 9	70 8	77 7	75 15

The following further figures compare the prices of India stock and other stock in London on certain dates. They show even more clearly than they did last year that the credit of the Government of India now stands considerably higher in the London market in relation to the British Government and other gilt-edged borrowers than it did in 1914.

	30th April 1914.	30th April 1923.	1st February 1926.	1st February 1927.	31st December 1927.
India 3 per cent loan	75¼	60¼	58	59⅜	62¾
India 3½ per cent loan	88½	70½	68	70⅜	72¾
Local loans 3 per cent stock	87	69⅛	64¼	63⅞	65
London County Council :—					
3½ per cent stock	97	79⅞	73	74½	73½
3 per cent stock	81	68¼	63	64	63¾

The improvement of India's credit in London was strikingly demonstrated by the success of the recent sterling loan.

Last year I commented on the fact that the disparity between the prices of India 3½ per cent rupee stock and India 3½ per cent sterling stock was leading to very considerable transfers of money from India to London in order to take advantage of the higher yield of the sterling stock. This process has been continuing to a not inconsiderable extent, though checked by the final stabilisation of the rupee on a gold basis. It is significant that the disparity is much less now than it was last year. Nevertheless, the necessity for an external loan was partly due to the effects of this transfer of capital away from India, and if public and private transactions be taken together, I have little doubt that, in spite of the issue of a sterling loan of £7½ million in 1927-28, the net amount of India's external indebtedness has been considerably decreased and not increased in the course of the last year. It will be seen from the figures which I am about to give of the Government of India's total debt, that the increase during the year in our external indebtedness as a Government, is considerably less

than the amount of the sterling loan and that the sterling debt is only £31/3 million more than it was three years ago. During 1927-28 our total indebtedness has increased by 16 crores, while our deadweight debt has decreased by 22 crores.

Debt statistics.

16. The following statement gives the usual figures regarding India's debt, external and internal, productive and unproductive, from 1923 onwards:

Statement showing the Debt of India, outstanding at the close of each financial year.

	31st March 1923.	31st March 1924.	31st March 1925.	31st March 1926.	31st March 1927.	31st March 1928.
In India :		(In crores of rupees.)				
Loans	339·83	358·81	370·38	368·29	374·44	372·30
Treasury Bills in the hands of the public	21·59	2·12	..	..	..	9·00
Treasury Bills in the Paper Currency Reserve	49·65	49·65	49·65	49·65	41·47	31·94
Other Obligations—						
Post Office Savings Banks	23·20	24·79	25·64	27·23	29·51	31·99
Cash Certificates	3·13	8·42	13·12	20·96	26·68	30·86
Provident Funds, etc.	36·17	39·00	42·39	46·36	51·02	56·09
Total Loans, etc.	411·07	410·58	420·03	417·94	415·91	413·24
Total Other Obligations	62·50	72·21	81·15	94·55	107·21	118·94
Total in India	473·57	482·79	501·18	512·49	523·12	532·18
In England :		(In millions of £.)				
Loans	222·92	244·53	263·39	266·35	265·09	272·32
War Contribution	19·71	19·27	18·81	18·32	17·81	17·27
Capital value of liabilities undergoing redemption by way of terminable railway annuities	61·31	60·10	58·84	57·53	56·19	54·79
Provident Funds, etc.	·04	·13	·16	·21	·27	·19
Total in England	303·98	324·03	341·20	342·41	339·36	344·57
Equivalent at 1*s.* 6*d.* to the Rupee	405·31	(In crores of rupees.) 432·04	454·93	456·55	452·48	459·43
Total Debt	878·88	914·83	956·11	969·04	975·60	991·61
Productive { for Central Government	536·65	557·09	600·05	623·38	654·62	686·54
Productive { for Provinces	87·49	97·56	106·43	114·60	120·17	126·34
Total Productive	624·14	654·65	706·48	737·98	774·79	812·88
Unproductive	254·74	260·18	249·63	231·06	200·81	178·73
Total	878·88	914·83	956·11	969·04	975·60	991·61

In the five years since the 31st March, 1923, when the era of deficits came to an end, the aggregate debt has increased by 1,13 crores, the productive debt has increased by as much as 1,89 crores, and the unproductive portion has been reduced by 76 crores. By the end of 1928-29 we hope to have just about liquidated the debt due to the five years of revenue deficits from 1918-19 to 1922-23, and if the recent rate of progress is continued, our unproductive debt should vanish altogether in about twelve years' time.

Budget Estimate for 1928-29.

Revenue.

Customs.

17. I now turn to the budget estimates for next year, 1928-29. Net customs revenue at 50·18 crores is expected to bring in 1,55 lakhs more than the revised estimate of the current year. Sugar, allowing for the effect of the establishment of the land customs line at Viramgam, should bring in about 40 lakhs more; motor cars and cycles which, in point of revenue though not in point of numbers, proved somewhat disappointing after last year's reduction of duty, should bring in about 26 lakhs more; cotton piecegoods have been disappointing in the current year, but should show an improvement in 1928-29 which I put at 30 lakhs. On the other hand, I have had to allow for the full effect of the loss of revenue resulting from the abolition of the import duty on mill stores and machinery which was only partially felt in the current year. This in itself means a further loss of 40 lakhs.

Taxes on Income.

18. I have assumed that next year's receipts under the head of Taxes on Income will fully reflect the prosperity which the jute trade is enjoying in the current year, as is evidenced by the revised estimate of the export duty on jute; also that we shall obtain a full year's revenue under the altered method of assessment of tea companies. Allowing for these two factors, we are, I think, justified in taking the net total for next year at 17 crores which is 1,35 lakhs more than the revised estimate for the current year, but only 5 lakhs more than the original budget.

Salt.

19. Under the head Salt I have repeated the current year's budget figure of 7 crores. This is 25 lakhs more than the revised estimate which, as I have said, does not represent the full duty upon the actual issues of 1927-28.

Opium.

20. The result of our policy of gradual reduction and eventual extinction of opium exports is to reduce gross opium revenue by 32 lakhs next year, but there will be a saving of 7 lakhs in expenditure, so that the net sacrifice under this head will be 25 lakhs.

Railways.

21. The contribution from Railways to general revenues for next year will, under the convention, be based on the results of the working of the year 1926-27, and yield only 5·23 crores. This will be reinforced by the addition of 25 lakhs representing one-third of the surplus over 3 crores assumed in the railway budget. Even so, we shall be getting 88 lakhs less than is anticipated in the revised estimates for 1927-28.

22. I have allowed for the reduction of 10½ lakhs in the subsidy due from Mysore, which was recently sanctioned. For the moment, I assume that we shall be receiving from the Provinces the entire amount of the contributions which have not been finally extinguished, namely, 2.58 lakhs, inclusive of 54 lakhs from Bengal.

Other heads.

Expenditure.

23. The following table exhibits the figures of net military expenditure for each year since 1921-22:

Military expenditure.

	(Crores of rupees.)
1921-22	69·81
1922-23	65·27
1923-24	56·23
1924-25	55·63
1925-26	56·00
1926-27	55·97
1927-28 (revised estimate)	54·92
1928-29 (budget estimate)	55·10

In 1928-29 military expenditure has been taken at 55·10 crores of which 10 lakhs represents a new provision for expanding the Territorial Force. Excluding this special provision, the figure is 8 lakhs more than the one for the current year. I warned the House a year ago that there was no immediate prospect, after the big reductions since 1921-22, of further substantial savings in military expenditure. The Government have given very special consideration to the matter during the current year and we have come to the conclusion that the figure proposed for next year cannot be reduced if India is to make a reasonable provision for her defence in modern conditions.

24. Under the head Debt Services, we have a saving, as compared with the revised estimate for 1927-28, of 67 lakhs. I should, however, draw the attention of the House to the fact that the budget estimate includes two abnormal items, namely, one of 81 lakhs for the premium on the 5½ per cent. Bonds issued in 1918 and maturing in 1928 at 105 and an increased charge of 25 lakhs for bonus on Cash Certificates. Both these charges are in the nature of deferred interest. But for these special items, the savings would have been as much as 1.73 lakhs. I have drawn attention in previous years to the way in which our steady pursuit of the policy of making regular provision for the reduction or avoidance of debt and confining new borrowings to productive purposes is bringing in an annual dividend to the taxpayer. The charge for interest on deadweight debt in the year 1923-24 amounted to 15·97 crores, while in 1928-29 it will be only 9·51 crores—a decrease of 6·46 crores. The increase in the provision for reduction or avoidance of debt during the same period is 1·78 crores, while the aggregate provision on this account next year is 5·40 crores. In other words, the saving in the interest on dead-

Debt Services.

weight debt in the five years is more than three-and-a-half times the increase in the provision for debt redemption and over a crore more than the actual provision on this account in 1928-29.

Beneficial Services.

25. The expenditure on Civil Administration next year is expected to be 41 lakhs more than the revised estimate for 1927-28. A portion of this is represented by annual increments, etc., but, although the increase is less than half a crore, a perusal of the proceedings of the Standing Finance Committee and of the Demands for Grants will show that we have not been niggardly in providing increased amounts for beneficial services. I would draw the attention of the House to the larger grant to the Indian Research Fund Association, to the new items of expenditure in the demand for Agriculture and to the scholarships to Indian artists for study and training in Europe. On the commercial, but none the less beneficial, side of our activities, the House will observe with interest the new or increased provision made for certain items of expenditure, particularly those relating to irrigation in Waziristan and Baluchistan, forests in the Andamans, the Trade Mission and the extension of the rupee purchase policy. We have also a number of new items relating to the development of Civil Aviation in pursuance of the policy accepted by the House a year ago. The expenditure on the five-year education programme, to which I referred in my budget speech last year, is of course continuing and progressive, but we have not been in a position this time to provide for any similar new programmes within the limited means now at our disposal.

Posts and Telegraphs.

26. The Indian Posts and Telegraphs Department, which was expected to work a year ago at a small loss of Rs. 76,000, is now expected to show in 1927-28 a net loss of about 4½ lakhs. There has been a considerable increase in the gross receipts of the department, but this has been rather more than counterbalanced by an increase in working expenses. The increased loss has been brought about mainly by the fact that an additional sum of 8 lakhs has had to be provided to enable the book value of a large volume of surplus, obsolete and overvalued stores to be written down to their current values. The department is, however, expected to show a small profit of Rs. 23,000 next year after making a provision of over 14 lakhs for additional expenditure on new measures of improvement of the conditions of service of the lower-paid staff. This provision represents yet another instalment of the scheme of improvement of the conditions of service of the establishments in question which, as I informed the House last year, has been under the personal investigation of my Honourable Colleague, Sir Bhupendra Mitra. When the details of this scheme were placed before the Standing Finance Committee a couple of months ago, special reference was made to the desire so often expressed in this House that the question of reducing postal and telegraph charges should be pursued. As was then pointed out, such reductions would involve a far greater loss than the present finances of the department would justify. I am not sure myself whether it will ever be possible to run the department without a subsidy from the taxpayer at much less than the present postal rates, regard being had to the index number of the cost of living to-day and the consequent increase in the wages bill. In any case, priority must be given to the staff. The Indo-European Telegraph Department, which was expected to show a loss of 3 lakhs in the current year, exhibits no appreciable change, though for 1928-29 the figure of loss will be somewhat larger, namely, 7½ lakhs. The earnings of the department are affected by the competition of the radio system of communications between India and England. It is suffering just as the cable companies are suffering.

27. The aggregate revenue of 1928-29 is put at 1,32·23 crores and the expenditure at 1,29·60 crores. At this stage, therefore, we have a surplus of 2,63 lakhs. The main variations from the revised estimate for the current year may be summarised as follows:

Budget surplus.

	(Lakhs of rupees.) Better.	Worse.
Customs	1,55	..
Taxes on Income	1,35	..
Salt	25	..
Opium (net)	..	25
Railways	..	88
Provincial contributions	2,58	..
Revenue Reserve Fund	..	1,69
Debt Services	67	..
Civil Administration	..	41
Military Services	..	18
Other heads	..	36
	6,40	3,77
Net	2,63	

28. I do not doubt that the House will share the satisfaction of the Government at this surplus, which is all the more gratifying when we remember that considerable risks were taken a year ago in the original budget, and that, on top of those risks, we agreed during last summer to sacrifice nearly a crore a year of customs revenue for the sake of assisting the Cotton Industry. Before, however, considering what to do with the surplus, I must draw attention to the accumulated liability in respect of the bonus on Cash Certificates. These certificates were first introduced in India in 1917 in connection with the first Indian War Loan and were designed to attract the small investor. They have been very popular and have done great service in promoting savings in India. Cash Certificates of the nominal value of no less than 40 crores will be outstanding on 31st March 1928. Unlike our regular annual rupee loans, they are always "on tap"; and they can be encashed at any time though they come to full maturity only after 5 years. Their capital value is not subject to depreciation, and the actual amount payable on encashment is on a progressive scale so fixed that the investor gets a growing return for his money after the first twelve months; consequently, the longer he keeps his certificates, the greater is the inducement to keep them till maturity. But this accrued bonus is paid along with the capital value only at the time of encashment, whenever that may be, and not half-yearly as in the case of our ordinary loans. All these factors combine to make it impossible to forecast precisely the amount of bonus that may have to be paid in any year, while there is the additional practical difficulty that the actual payments in a year are generally less than the accrued liability, and the accrued liability is constantly growing in amount. In the case of the ordinary debt, we can know exactly what we have to pay and provide for such payments from revenue accordingly. In the case of Cash Certificates, on the other hand, we have so far been providing out of revenue only for actual payments in the year and not for the accrued liability. I estimate that this accrued but undischarged liability

Liability for bonus on Cash Certificates.

for bonus was about 3¾ crores on the 1st October 1927 and will stand at about 5½ crores on the 1st October 1928. Following past practice, which is of course fully defensible in view of the fact that, in the main, our budget is a cash budget in which provision is normally made only for actual receipts and disbursements during the financial year to which it relates, and having regard to our revenue position generally, I have not been able to include, in the forecast for next year, anything more than the amount of the present estimate of actual payments of bonus, namely, 50 lakhs. Even this figure is 25 lakhs more than is required in 1927-28, but there remains a large balance which we may, theoretically, be called upon to pay at any moment and for which we have made no provision: and as soon as the revenue position permits it, we shall have to consider setting aside considerable sums from revenue in a separate fund in order to enable us to meet the full liability when we are called upon to do so. The liability is becoming too large for us to be content to leave the full burden to fall on later years, when a sudden increase may seriously disturb the equilibrium of the budget.

Surplus recurrent.

29. I do not think, however, that this liability need deter us from utilising the surplus disclosed in the budget as a recurrent surplus. In 1929-30 the special item of 81 lakhs for premium on bonds referred to by me earlier in my speech will disappear and substantial savings may be expected to accrue in future, as they have done in the past, under interest on deadweight debt. In 1929-30 also, we stand to gain considerably from the increased net earnings of our railways in 1927-28. The advent of a bad monsoon or other unforeseen circumstances would no doubt disturb the position, but, on the other hand, our revenue from taxes on income should show some improvement from year to year. The same is true of our customs revenue subject to the proviso that there are good reasons for regarding the present figure of 15 per cent. for our general revenue tariff as unduly high, and it would undoubtedly be in the interests of the trade and industry of the country to reduce it, as soon as financial considerations permit, to a level at which it will compare less disadvantageously with the figure at which the revenue tariff of most of the advanced countries of the world is fixed. I do not, however, think that any reduction is possible in the present budget.

Complete and final remission of Provincial contributions.

30. We have another and a prior claimant to our surplus. Last year we remitted the entire amount of the outstanding Provincial contributions, and although a portion of this, namely, 2,58 lakhs, was stated to be definitely temporary, I do not think that either the Assembly or the Government of India would care to face the storm of protest which would greet us from the Provinces if the final extinction of the Provincial contributions, which we have undertaken to remit at the earliest possible moment, were not effected now, and preference were given to remission of Central taxation or even to new expenditure. The Government of India accordingly propose that 2,58 lakhs of our surplus shall be utilised for such extinction, leaving a small surplus of 5 lakhs in the budget.

CONCLUSION.

31. Sir, I have now given to the House all the secrets of the budget of 1928-29. It is not a spectacular budget. After the budget of 1927-28 and the railway budget for 1928-29, with its large reductions in passenger fares and in freights, it might almost be called an anti-climax. It imposes no

new taxation and though it allows for reductions in the customs tariff to the tune of nearly a crore, these reductions were announced six months ago. What this budget does is to provide a surplus, in spite of the reduction in the customs tariff, sufficient finally to extinguish the Provincial contributions. I think it is a budget which both the Government and the country can view with pleasure. We have consolidated the ground won last year and can now establish our friends and allies, the Provincial Governments, firmly and finally in the trenches which we won for them a year ago, but which have hitherto been debatable ground. The Provinces have now no further fears of a counter-attack. They can proceed to carry out the great task allotted to them in the governance of India, with the knowledge that no part of the revenues at their disposal will be diverted to the Central Government's purse. The Central Government too has reached a new vantage ground, from which it can begin to survey the country ahead. In opening my first Indian budget, the budget for 1923-24, I voiced some of what I called in the language of Mr. Punch my "first depressions." The only cause for depression that I see to-day in the matter of India's finances is personal. I have to say good-bye to the officials of the Finance Department to whose invaluable and devoted assistance during 5¼ very strenuous years I desire to pay a very sincere tribute, and I cannot myself hope to take a share in solving any of the many interesting financial problems still remaining to be dealt with. Intrinsically, the financial position of the Government of India seems to me to be sound and prosperous. From 1929-30 onwards, it will be the privilege of this House and of my friend and successor, Sir George Schuster, whose acceptance of the post is a matter of great personal satisfaction to me, to find no outside claimant to the recurring surpluses which I hope it will be their good fortune to enjoy in the coming years, and they will be free to turn their minds on the one hand to new directions in which money can be usefully laid out for India's advancement, and on the other hand to the re-adjustment of the burden of taxation and to those reductions of taxation, so welcome to tax-gatherer and taxpayer alike which, apart from some minor cases and with the one big exception of the Cotton Excise Duty, have been beyond our reach in my term of office. I cannot more fittingly close my statement than with the prayer that no storm from without or from within may descend upon India to disturb the bright prospects of financial well-being to which she seems to-day to be justified in looking forward.

BASIL P. BLACKETT.

The 29th February 1928.

Statement comparing the actual Revenue and Expenditure of the Central Government (Imperial Revenue and Expenditure before the Reforms) with the Revised Estimates for each year from 1917-18 to 1926-27.

(See paragraph 2 of the speech.)

[In thousands of Rupees.]

	Revised Estimate.			Actuals.		
	Revenue.	Expenditure.	Surplus(+) Deficit(—).	Revenue.	Expenditure.	Surplus(+) Deficit(—).
1917-18 . .	1,14,84,48	1,06,27,74	+ 8,56,74	1,18,70,58	1,06,57,52	+ 12,13,06
1918-19 . .	1,27,94,65	1,34,79,88	—6,85,23	1,30,40,66	1,36,13,72	—5,73,06
1919-20 . .	1,44,07,56	1,59,18,67	—15,11,11	1,37,13,98	1,60,79,27	—23,65,29
1920-21 . .	1,35,10,35	1,48,03,61	—12,93,26	1,35,63,32	1,61,64,17	—26,00,85
1921-22 . .	1,13,15,32	1,41,94,52	—28,79,20	1,15,21,50	1,42,86,52	—27,65,02
1922-23 . .	1,20,70,17	1,37,95,52	—17,25,35	1,21,41,29	1,36,43,05	—15,01,76
1923-24 . .	1,31,96,04	1,29,89,97	+ 2,06,07	1,33,16,63	1,30,77,63	+ 2,39,00
1924-25 . .	1,34,82,26	1,30,82,68	+ 3,99,58	1,38,03,92	1,32,35,66	+5,68,26
1925-26 . .	1,31,35,25	1,30,04,87	+ 1,30,38	1,33,32,98	1,30,01,80	+3,31,18
1926-27 . .	1,29,97,48	1,27,15,44	+ 2,82,04*	1,31,70,00	1,28,74,37	+ 2,95,63†

* Estimated transfer to the Revenue Reserve Fund.

† Actually transferred to the Fund.

BUDGET

of the

Governor-General in Counc

as laid before the

Indian Legislature, 1928.

FINANCE DEPARTMENT,
New Delhi, the 29th February 1928.

E. BURDON,
Secretary to the Govt. of India.

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I.—General Statement of the Revenue and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1926-27.	Budget Estimate, 1927-28.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	47,38,10,721	48,73,37,000	48,63,50,000	50,18,37,000
Taxes on Income	,,	15,64,96,338	16,95,05,000	15,64,62,000	16,99,58,000
Salt	,,	6,69,81,053	7,00,00,000	6,75,42,000	7,00,08,000
Opium	,,	4,33,13,748	3,83,08,000	3,80,22,000	3,47,77,000
Other Heads	,,	2,17,50,148	2,27,06,000	2,27,84,000	2,20,10,000
TOTAL PRINCIPAL HEADS		76,23,52,008	78,78,56,000	77,11,40,000	79,85,90,000
Railways: Net Receipts (as per Railway Budget)		34,07,08,387	34,97,13,000	38,95,20,000	38,50,00,000
Irrigation: Net Receipts	A	10,35,576	10,36,000	10,47,000	12,36,000
Posts and Telegraphs: Net Receipts	,,	70,64,577	58,07,000	51,76,000	57,37,000
Interest Receipts	,,	4,08,59,285	3,16,13,000	3,30,50,000	2,01,97,000
Civil Administration	,,	86,05,079	84,21,000	95,34,000	1,01,33,000
Currency and Mint	,,	4,15,51,227	2,48,70,000	2,72,97,000	2,48,81,000
Civil Works	,,	15,78,791	17,45,000	15,63,000	14,41,000
Miscellaneous	,,	60,01,006	46,90,000	46,49,000	81,82,000
Military Receipts	,,	4,94,68,064	1,80,49,000	1,48,84,000	2,94,12,000
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments	,,	5,17,75,451	...	10,59,000	...
Extraordinary Items	,,	60,10,258	1,87,65,000	1,84,79,000	26,67,000
TOTAL REVENUE		1,31,69,99,799	1,25,25,65,000	1,27,73,98,000	1,29,64,75,000
DEFICIT		...	...	...	...
TOTAL		1,31,69,99,799	1,25,25,65,000	1,27,73,98,000	1,29,64,75,000

Revenue of the Central Government, in India and in England.

	For details, *vide* Statement.	Accounts, 1926-27.	Budget Estimate, 1927-28.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
Expenditure—		Rs.	Rs.	Rs.	Rs.
Direct Demands on the Revenues	B	4,19,95,160	4,30,30,000	4,19,95,000	4,24,84,000
Salt and other Capital outlay charged to Revenue	„	7,18,385	18,79,000	16,87,000	6,41,000
Railways : Interest and Miscellaneous Charges (as per Railway Budget)		28,05,95,177	29,49,05,000	32,59,62,000	33,02,00,000
Irrigation	„	15,50,436	18,70,000	92,000	23,10,000
Posts and Telegraphs	„	75,82,192	84,61,000	81,67,000	81,66,000
Debt Services	„	16,74,49,672	15,74,34,000	15,57,83,000	14,90,61,000
Civil Administration	„	11,13,43,647	11,31,39,000	11,28,16,000	13,69,45,000
Currency and Mint	„	76,37,072	74,65,000	91,49,000	69,63,000
Civil Works	„	1,69,74,160	1,66,98,000	1,62,55,000	1,73,31,000
Miscellaneous	„	3,96,15,605	3,97,15,000	3,91,74,000	4,10,06,000
Military Services	„	60,91,63,889	56,72,49,000	56,40,84,000	58,04,12,000
Miscellaneous adjustments between the Central and Provincial Governments	„	4,52,596	...	3,47,000	...
Extraordinary Items	„	2,99,21,308	7,00,000	18,87,000	4,50,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,31,69,99,799	1,25,25,65,000	1,27,73,98,000	1,29,59,69,000
SURPLUS		...	...	...	5,06,000
TOTAL		1,31,69,99,799	1,25,25,65,000	1,27,73,98,000	1,29,64,75,000

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts.			
		Accounts, 1926-27.	Budget Estimate, 1927-28.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
		Rs.	Rs.	Rs.	Rs.
Surplus	C	...	...	...	5,06,000
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)		59,275	2,58,92,000	...	2,03,80,000
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	3,31,65,705	7,22,41,000	4,45,25,000	12,86,09,000
Unfunded Debt (net incurred)	,,	12,72,14,115	11,63,39,000	11,60,52,000	11,74,84,000
Deposits and Advances (net)	,,	19,40,79,240	3,14,87,000	9,98,79,000	7,08,43,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	,,	4,32,46,602	4,11,58,000	5,42,26,000	6,45,30,000
TOTAL DEBT, DEPOSITS AND ADVANCES.		39,77,05,662	26,12,25,000	31,46,82,000	38,14,66,000
Remittances (net)	,,	1,21,88,516	...	6,45,000	26,53,000
TOTAL RECEIPTS	...	40,99,53,453	28,71,17,000	31,53,27,000	40,50,05,000
Opening Balance—India	...	25,14,88,041	24,73,44,041	27,87,75,069	12,73,48,069
Opening Balance—England	...	15,04,63,055	5,24,32,055	4,31,13,307	8,07,11,307
TOTAL	...	81,19,04,549	58,68,93,096	63,72,15,376	61,30,64,376

Central Government, in India and in England.

	For details, *vide* Statement.	Disbursements. Accounts, 1926-27.	Budget Estimate, 1927-28.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
		Rs.	Rs.	Rs.	Rs.
Deficit	C	...	...	...	...
Railway, Irrigation, Posts and Telegraphs and other Capital not charged to Revenue—					
Capital outlay on Security Printing Press	,,	16,49,855	12,000	—9,79,000	67,000
Construction of State Railways (as per Railway Budget)	,,	27,22,78,539	25,00,00,000	30,00,00,000	24,00,00,000
Discharge of Debentures (as per Railway Budget)	,,	2,63,73,425	3,31,86,000	66,90,000	2,03,80,000
Redemption of liabilities involved in the purchase of Railways (as per Railway Budget)	,,	...	...	...	4,00,00,000
Construction of Irrigation Works	,,	—70,632	16,000	16,93,000	1,74,000
Capital outlay on Posts and Telegraphs	,,	32,52,130	58,02,000	57,56,000	68,02,000
Capital outlay on Vizagapatam Port	,,	31,86,465	39,43,000	37,61,000	47,53,000
Currency Capital outlay	,,	8,66,401	19,23,000	18,08,000	17,000
Initial expenditure on New Capital at Delhi	,,	61,63,117	70,00,000	54,00,000	78,68,000
Payment of commuted value of pensions	,,	28,85,222	33,35,000	35,52,000	34,35,000
Capital outlay on Bombay Land Scheme	,,	...	...	20,74,000	2,05,22,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS		31,65,91,522	30,52,17,000	32,97,55,000	34,40,68,000
Debt, Deposits and Advances—					
Floating Debt (net discharged)	,,	8,18,00,000	...	53,20,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES		8,18,00,000	...	53,20,000	...
Loans and Advances by Central Government (net Advances)	,,	5,58,76,626	3,03,02,000	7,58,04,000	8,16,92,000
Remittances (net)	,,	...	14,95,000	...	...
Balances of Provincial Governments (net)	,,	4,35,26,354	5,18,92,000	1,82,77,000	13,05,000
TOTAL DISBURSEMENTS	...	50,07,94,502	38,89,06,000	42,91,56,000	42,70,65,000
Closing Balance India	...	27,87,75,069	14,79,00,041	12,73,48,069	11,98,78,069
Closing Balance England	...	3,23,34,978	5,00,87,055	8,07,11,307	6,61,21,307
TOTAL	...	81,19,04,549	58,68,93,096	63,72,15,376	61,30,64,376

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1926-27.				Revised Estimate,		Item No.
	India.	* England.	Exchange.	Total.	India.	† England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	47,38,10,721	...	...	47,38,10,721	48,63,50,000	...	1
II.—Taxes on Income	15,72,30,510	—5,47,360	—1,86,812	15,64,96,338	15,65,02,000	—40,000	2
III.—Salt	6,69,81,053	...	...	6,69,81,053	6,75,42,000	...	3
IV.—Opium	4,33,13,748	...	...	4,33,13,748	3,80,22,000	...	4
V.—Land Revenue	41,00,434	...	...	41,00,434	42,06,000	...	5
VI.—Excise	41,13,217	...	...	41,13,217	47,45,000	...	6
VII.—Stamps	26,68,723	...	...	26,68,723	27,59,000	...	7
VIII.—Forest	23,57,879	...	...	23,57,879	24,05,000	...	8
IX.—Registration	1,57,372	...	...	1,57,372	1,61,000	...	9
X.—Tributes from Indian States	83,52,523	...	...	83,52,523	84,86,000	...	10
Total	76,30,86,180	—5,47,360	—1,86,812	76,23,52,008	77,11,80,000	—40,000	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	22,28,289	...	...	22,28,289	20,82,000	...	12
Deduct—Working Expenses	*12,06,672*	...	...	*12,06,672*	*10,38,000*	...	13
Net Receipts	10,21,617	...	...	10,21,617	10,44,000	...	14
XIV.—Works for which no Capital Accounts are kept	3,959	...	...	3,959	3,000	...	15
Total	10,25,576	...	...	10,25,576	10,47,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—							
Indian Posts and Telegraphs Department—Gross Receipts	10,53,03,984	...	...	10,53,03,984	10,94,34,000	...	17
Deduct—Working Expenses	*9,83,39,230*	*5,45,079*	*1,85,724*	*9,90,70,033*	*10,37,20,000*	*7,01,000*	18
Net Receipts	69,64,754	—5,45,079	—1,85,724	62,33,951	57,14,000	—7,01,000	19
Indo-European Telegraph Department—Gross Receipts	17,71,715	15,84,349	5,40,013	38,96,077	19,50,000	15,60,000	20
Deduct—Working Expenses	*29,34,507*	*97,738*	*33,206*	*30,65,451*	*31,76,000*	*1,78,000*	21
Net Receipts	—11,62,792	14,86,611	5,06,807	8,30,626	—12,26,000	13,87,000	22
Total	58,01,962	9,41,532	3,21,083	70,64,577	44,88,000	6,86,000	23
Debt Services—							
XVI.—Interest	89,56,427	2,37,89,443	81,13,415	4,08,59,285	70,14,000	2,59,45,000	24
Carried over	77,88,70,145	2,41,83,615	82,47,686	81,13,01,446	78,37,20,000	2,65,91,000	25

* Sterling converted into Rupees at £1=Rs. 10.

Government, in India and in England.

Item No.	1927-28. Exchange.	1927-28. Total.	Increase (+) Decrease (—) as compared with Budget, 1927-28.	Budget Estimate, 1928-29. India.	† England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1927-28.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	48,63,50,000	—9,87,000	50,18,37,000	...	...	50,18,37,000	+1,54,87,000
2	...	15,64,62,000	+1,30,43,000	16,99,85,000	—27,000	...	16,99,58,000	+1,34,96,000
3	...	6,75,44,000	—24,58,000	7,00,08,000	...	...	7,00,08,000	+24,66,000
4	...	3,80,22,000	—2,86,000	3,47,77,000	...	...	3,47,77,000	—32,45,000
5	...	42,06,000	+9,000	40,71,000	...	...	40,71,000	—1,35,000
6	...	47,45,000	+2,56,000	45,63,000	...	...	45,63,000	—1,82,000
7	...	27,59,000	+1,12,000	28,52,000	...	...	28,52,000	+93,000
8	...	24,05,000	—3,16,000	29,87,000	...	...	29,87,000	+5,82,000
9	...	1,61,000	—5,000	1,62,000	...	...	1,62,000	+1,000
10	...	84,88,000	+2,000	73,75,000	...	...	73,75,000	—11,13,000
11	...	77,11,40,000	—1,67,16,000	79,86,17,000	—27,000	...	79,85,90,000	+2,74,50,000
12	...	20,82,000	—1,000	21,21,000	...	...	21,21,000	+39,000
13	...	*10,38,000*	+15,000	*8,89,000*	...	...	*8,89,000*	+1,40,000
14	...	10,44,000	+14,000	12,32,000	...	...	12,32,000	+1,88,000
15	...	3,000	—3,000	4,000	...	...	4,000	+1,000
16	...	10,47,000	+11,000	12,36,000	...	...	12,36,000	+1,89,000
17	...	10,94,34,000	+14,51,000	11,38,86,000	...	...	11,38,86,000	+44,52,000
18	*3,000*	*10,44,24,000*	—20,16,000	*10,72,25,000*	*6,97,000*	...	*10,79,22,000*	—34,98,000
19	—3,000	50,10,000	—5,65,000	66,61,000	—6,97,000	...	59,64,000	+9,54,000
20	5,000	35,15,000	—1,47,000	19,24,000	12,27,000	...	31,51,000	—3,64,000
21	...	*33,49,000*	+81,000	*32,21,000*	*1,57,000*	...	*33,78,000*	—29,000
22	5,000	1,66,000	—66,000	—12,97,000	10,70,000	...	—2,27,000	—3,93,000
23	2,000	51,76,000	—6,31,000	53,64,000	3,73,000	...	57,37,000	+5,61,000
24	91,000	3,30,50,000	+14,37,000	59,95,000	2,32,02,000	...	2,91,97,000	—38,53,000
25	93,000	81,04,13,000	—1,58,99,000	81,12,12,000	2,35,48,000	...	83,47,60,000	+2,43,47,000

† Sterling converted into Rupees at £1=Rs. 13⅓.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1926-27. India.	Accounts, 1926-27. * England.	Accounts, 1926-27. Exchange.	Accounts, 1926-27. Total.	Revised Estimate, India.	Revised Estimate, † England.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	77,88,70,145	2,41,83,615	82,47,686	81,13,01,446	78,37,29,000	2,65,91,000	
Civil Administration—							
XVII.—Administration of Justice	3,61,518	...	...	3,61,518	3,79,000	...	1
XVIII.—Jails and Convict Settlements	3,46,195	...	...	3,46,195	3,44,000	...	2
XIX.—Police	—83,197	...	...	—83,197	1,62,000	...	3
XX.—Ports and Pilotage	25,73,142	...	...	25,73,142	26,49,000	...	4
XXI.—Education	1,73,703	...	...	1,73,703	2,12,000	...	5
XXII.—Medical	3,83,973	...	...	3,83,973	4,06,000	...	6
XXIII.—Public Health	1,97,103	...	...	1,97,103	3,61,000	...	7
XXIV.—Agriculture	18,08,964	...	...	18,08,964	18,93,000	...	8
XXV.—Industries	8,205	...	...	8,205	15,000	...	9
XXVI.—Miscellaneous Departments	14,76,556	...	...	14,76,556	15,85,000	...	10
XXVI-A.—Indian Stores Department	13,58,917	...	...	13,58,917	15,28,000	...	11
Total	86,05,097	...	...	86,05,079	95,34,000	...	12
Currency and Mint—							
XXVII.—Currency	3,[illegible],25,[illegible]	76,73,608	26,16,757	4,06,79,504	2,35,77,000	10,14,000	13
XXVIII.—Mint		34,791	11,682	8,71,723	27,02,000	1,000	14
Total	3,12,14,389	77,08,399	26,28,439	4,15,51,227	2,62,79,000	10,15,000	15
Civil Works—							
XXX.—Civil Works	15,78,791	...	...	15,78,791	15,63,000	...	16
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	17,78,182	3,23,740	1,10,161	22,12,083	15,22,000	3,98,000	17
XXXIV.—Stationery and Printing	19,61,455	9,769	3,338	19,74,562	12,51,000	13,000	18
XXXV.—Miscellaneous	12,15,407	4,48,665	1,50,379	18,14,451	12,84,000	1,79,000	19
Total	49,55,044	7,82,174	2,63,878	60,01,096	40,57,000	5,90,000	20
Military Receipts—							
XXXVI.—Army—							
Effective	3,01,84,053	25,79,297	8,82,406	3,36,45,756	35,06,000	25,08,000	21
Non-effective	15,91,801	11,18,415	3,80,725	30,90,941	14,77,000	21,12,000	22
	3,17,75,854	36,97,712	12,63,131	3,67,36,697	49,83,000	46,20,000	23
XXXVII.—Marine	15,81,888	...	...	15,81,888	17,45,000	...	24
XXXVIII.—Military Engineer Services	1,11,49,479	...	...	1,11,49,479	35,20,000	...	25
Total	4,45,07,221	36,97,712	12,63,131	4,94,68,064	1,02,48,000	46,20,000	26
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—							
XXXIX.—Contributions to the Central Government by Provincial Governments	5,17,12,000	...	...	5,17,12,000	...	...	27
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	63,451	...	...	63,451	10,59,000	...	28
Total	5,17,75,451	...	...	5,17,75,451	10,59,000	...	29
Extraordinary items—							
XL.—Extraordinary Receipts	15,37,671	33,47,293	11,25,294	60,10,258	...	16,00,000	30
XL-A.—Transfers from Revenue Reserve Fund	...	...	...	...	1,68,73,000	...	31
Total	15,37,671	33,47,293	11,25,294	60,10,258	1,68,73,000	16,00,000	32
Railway Revenues as per Railway Budget	34,27,42,712	—15,24,390	—5,09,935	34,07,08,387	39,09,17,000	—13,92,000	33
TOTAL REVENUE	1,26,57,86,503	3,81,94,803	1,30,18,493	1,31,69,99,799	1,24,42,59,000	3,30,24,000	34

*Sterling converted into Rupees at £1 = Rs. 10.

Government, in India and in England—*contd.*

Item No.	1927-28. Exchange.	1927-28. Total.	Increase (+) Decrease (−) as compared with Budget, 1927-28.	Budget Estimate, 1928-29. India.	† England.	Exchange.	Total.	Increase (+) Decrease (−) as compared with Revised, 1927-28.
	Rs. 93,000	Rs. 81,04,13,000	Rs. −1,58,99,000	Rs. 81,12,12,000	Rs. 2,35,48,000	Rs. ...	Rs. 83,47,60,000	Rs. +2,43,47,000
1	...	3,79,000	+14,000	3,62,000	...	...	3,62,000	−17,000
2	...	3,44,000	+11,000	3,90,000	...	...	3,90,000	+46,000
3	...	1,62,000	+38,000	3,78,000	...	...	3,78,000	+2,16,000
4	...	26,49,000	+1,29,000	26,40,000	...	...	26,40,000	−9,000
5	...	2,12,000	+50,000	1,80,000	...	...	1,80,000	−32,000
6	...	4,06,000	+48,000	4,64,000	...	...	4,64,000	+58,000
7	...	3,61,000	+1,77,000	3,96,000	...	...	3,93,000	+35,000
8	...	18,93,000	+1,76,000	20,66,000	...	...	20,66,000	+1,73,000
9	...	15,000	+5,000	37,000	...	...	37,000	+22,000
10	...	15,85,000	+2,86,000	16,02,000	...	...	16,02,000	+17,000
11	...	15,28,000	+1,85,000	16,17,000	...	...	16,17,000	+89,000
12	...	95,34,000	+11,13,000	1,01,33,000	...	...	1,01,33,000	+5,99,000
13	3,000	2,45,94,000	+17,08,000	2,08,53,000	13,33,000	...	2,21,86,000	−24,08,000
14	...	27,03,000	+7,19,000	26,95,000	...	...	26,95,000	−8,000
15	3,000	2,72,97,000	+24,27,000	2,35,48,000	13,33,000	...	2,48,81,000	−24,16,000
16	...	15,63,000	−1,82,000	14,41,000	...	...	14,41,000	−1,22,000
17	2,000	19,22,000	+50,000	15,68,000	3,80,000	...	19,48,000	+26,000
18	...	13,64,000	−3,58,000	36,47,000	13,000	...	36,60,000	+23,96,000
19	...	14,63,000	+2,67,000	16,36,000	9,38,000	...	25,74,000	+11,11,000
20	2,000	46,49,000	−41,000	68,51,000	13,31,000	...	81,82,000	+35,33,000
21	9,000	60,23,000	−23,62,000	1,42,36,000	25,12,000	...	1,67,48,000	+1,07,25,000
22	7,000	35,96,000	+9,25,000	12,29,000	21,20,000	...	33,49,000	−2,47,000
23	16,000	96,19,000	−14,37,000	1,54,65,000	46,32,000	...	2,00,97,000	+1,04,78,000
24	...	17,45,000	+4,85,000	16,76,000	...	...	16,76,000	−69,000
25	...	35,20,000	−23,13,000	76,39,000	...	...	76,39,000	+41,19,000
26	16,000	1,48,84,000	−31,65,000	2,47,80,000	46,32,000	...	2,94,12,000	+1,45,28,000
27	...	...	...	...	...	...	...	...
28	...	10,59,000	+10,59,000	...	...	...	...	−10,59,000
29	...	10,59,000	+10,59,000	...	...	...	...	−10,59,000
30	6,000	16,06,000	+6,000	...	26,67,000	...	26,67,000	+10,61,000
31	...	1,68,73,000	−2,92,000	...	...	...	...	−1,68,73,000
32	6,000	1,84,79,000	−2,86,000	...	26,67,000	...	26,67,000	−1,58,12,000
33	−5,000	38,95,20,000	+3,98,07,000	38,65,05,000	−15,05,000	...	38,50,00,000	−45,20,000
34	1,15,000	1,27,73,98,000	+2,48,33,000	1,26,44,69,000	3,20,06,000	...	1,29,64,75,000	+1,90,77,000

†Sterling converted into Rupees at £ 1=Rs. 13⅓.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	Accounts, 1926-27. India.	England.*	Exchange.	Total.	Revised India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenues—						
1.—Customs	79,72,352	1,15,554	39,318	81,27,224	83,53,000	1
2.—Taxes on income	60,67,156	80,925	27,540	61,75,621	65,79,000	2
3.—Salt	1,19,31,058	48,367	16,418	1,19,95,743	1,21,44,000	3
4.—Opium	99,82,571	46,027	15,687	1,00,44,285	88,32,000	4
5.—Land Revenue	12,45,588	3,215	1,095	12,49,898	11,58,000	5
6.—Excise	10,24,547	15,887	5,397	10,45,831	12,65,000	6
7.—Stamps	95,353	...	...	95,353	9,000	7
8.—Forest	30,04,221	1,70,456	58,132	32,32,809	28,95,000	8
9.—Registration	28,396	...	...	28,396	29,000	9
Total	4,13,51,242	4,80,331	1,63,587	4,19,95,160	4,12,64,000	10
Salt and other Capital outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	4,80,066	...	...	4,80,066	3,80,000	11
7A.—Capital outlay on Security Printing Press	2,38,319	...	...	2,38,319	6,97,000	12
8A.—Forest Capital outlay	...	...	...	...	7,10,000	13
Total	7,18,385	...	...	7,18,385	16,87,000	14
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	12,00,207	...	...	12,00,207	12,02,000	15
15.—Other Revenue Expenditure	2,42,366	57,175	19,400	3,18,941	3,73,000	16
Total	14,42,573	57,175	19,400	15,19,148	15,75,000	17
Irrigation, etc., Capital Account (charged to Revenue)—						
16.—Construction of Irrigation, etc., Works—Financed from Ordinary Revenues	31,288	...	...	31,288	—15,60,000	18
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Posts and Telegraphs Department	52,08,989	...	...	52,08,989	54,68,000	19
Indo-European Telegraph Department	5,16,464	...	...	5,16,464	5,03,000	20
Total	57,25,453	...	...	57,25,453	59,71,000	21
Posts and Telegraphs Capital Account (charged to Revenue)—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Posts and Telegraphs Department	17,62,466	...	...	17,62,466	18,30,000	22
Indo-European Telegraph Department	86,632	5,707	1,934	94,273	3,61,000	23
Total	18,49,098	5,707	1,934	18,56,739	21,91,000	24
Debt Services—						
19.—Interest on Ordinary Debt	19,82,80,513	13,04,13,445	4,44,45,785	37,31,39,743	19,98,38,000	25
Deduct—Amount chargeable to—						
Railways	*14,35,60,572*	*7,41,66,459*	*2,52,52,947*	*24,29,79,978*	*15,70,75,000*	26
Irrigation	*12,00,207*	...		*12,00,207*	*12,02,000*	27
Posts and Telegraphs	*58,40,848*	...	...	*58,40,848*	*61,23,000*	28
Other heads	*9,33,133*	...	...	*9,33,133*	*16,61,000*	29
Provincial Loans Fund	*5,84,60,427*		...	*5,84,60,427*	*5,48,30,000*	30
Remainder chargeable to Ordinary Debt	—67,14,674	5,62,46,986	1,91,92,838	6,87,25,150	—2,10,53,000	31
20.—Interest on other Obligations	4,88,19,842	1,41,605	47,659	4,90,08,506	5,25,52,000	32
21.—Appropriation for Reduction or Avoidance of Debt	4,97,16,016	....	...	4,97,16,016	5,06,36,000	33
Total	9,18,21,184	5,63,87,991	1,92,40,497	16,74,49,672	8,21,35,000	34
Carried over	14,29,59,323	5,69,31,204	1,94,25,418	21,92,95,845	13,32,63,000	35

* Sterling converted into Rupees at £1 = Rs. 10.

of the Central Government, in India and in England.

Item No.	Estimate, 1927-28. † England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1927-28.	Budget Estimate, 1928-29. India.	† England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1927-28.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	2,03,000	1,000	85,57,000	—2,34,000	87,14,000	1,93,000	...	89,06,000	+3,49,000
2	73,000	...	66,52,000	—1,96,000	68,54,000	87,000	...	69,41,000	+2,89,000
3	1,59,000	1,000	1,23,04,000	—3,65,000	1,21,51,000	1,03,000	...	1,22,54,000	—50,000
4	72,000	..	89,04,000	—1,55,000	80,29,000	1,20,000	...	81,49,000	—7,55,000
5	5,000	...	11,63,000	—58,000	11,86,000	12,000	...	11,98,000	+35,000
6	4,000	...	12,69,000	+1,14,000	12,88,000	12,000	...	13,00,000	+31,000
7	...	...	2,000	—1,000	78,000	...	...	78,000	+69,000
8	2,12,000	1,000	31,08,000	—1,40,000	34,01,000	2,26,000	...	36,27,000	+5,19,000
9	...	...	29,000	...	31,000	...	...	31,000	+2,000
10	7,28,000	3,000	4,19,95,000	—10,35,000	4,17,32,000	7,52,000		4,24,84,000	+4,89,000
11	...	...	2,80,000	—1,76,000	2,96,000	...	...	2,96,000	+16,000
12	...	...	6,97,000	—13,000	...	...	...	...	—6,97,000
13	...	...	7,10,000	—4,000	3,45,000	...	...	3,45,000	—3,65,000
14	...	...	16,87,000	—1,92,000	6,41,000	...		6,41,000	—10,46,000
15	...	...	12,02,000	—2,000	12,15,000	...	...	12,15,000	+13,000
16	77,000	...	4,50,000	—48,000	6,87,000	76,000	...	7,63,000	+3,13,000
17	77,000	...	16,52,000	—50,000	19,02,000	76,000	...	19,78,000	+3,26,000
18	...	...	—15,60,000	—17,28,000	3,32,000	...	...	3,32,000	+18,92,000
19	...	...	54,67,000	—1,83,000	59,41,000	...	...	59,41,000	+4,73,000
20	...	...	5,03,000	—26,000	5,21,000	...	...	5,21,000	+18,000
21	...	...	59,71,000	—2,09,000	64,62,000	...	...	64,62,000	+4,91,000
22	...	...	18,30,000	—1,70,000	17,00,000	...	...	17,00,000	—1,30,000
23	5,000	...	3,66,000	+85,000	—1,000	5,000	...	4,000	—3,62,000
24	5,000	...	21,96,000	—85,000	16,99,000	5,000	...	17,04,000	—4,92,000
25	17,50,10,000	6,11,000	37,54,59,000	+9,54,000	20,04,72,000	17,44,79,000	...	37,49,51,000	—5,08,000
26	*10,17,29,000*	*3,55,000*	*25,91,59,000*	—8,95,000	*17,00,38,000*	*10,46,64,000*	...	*27,47,02,000*	—1,55,43,000
27	...	...	*12,02,000*	+2,000	*12,15,000*	...	...	*12,15,000*	—13,000
28	...	...	*61,23,000*	+1,54,000	*66,14,000*	...	...	*66,14,000*	—4,91,000
29	...	...	*16,61,000*	—2,81,000	*20,79,000*	...	...	*20,79,000*	—4,18,000
30	...	...	*5,48,30,000*	—12,25,000	*5,74,50,000*	...	...	*5,74,50,000*	—26,20,000
31	7,32,81,000	2,56,000	5,24,84,000	—12,91,000	—3,69,24,000	6,98,15,000	...	3,28,91,000	—1,95,93,000
32	1,11,000	...	5,26,63,000	+1,84,000	6,20,55,000	1,29,000	...	6,21,84,000	+95,21,000
33	...	...	5,06,36,000	—5,44,000	5,39,86,000	...	...	5,39,86,000	+33,50,000
34	7,33,92,000	2,56,000	15,57,83,000	—16,51,000	7,91,17,000	6,99,44,000	...	14,90,61,000	—67,22,000
35	7,43,02,000	2,59,000	20,77,24,000	—49,50,000	13,18,85,000	7,07,77,000	...	20,26,62,000	—50,62,000

† Sterling converted ineo Rupees at £1=Rs.13⅓.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	Accounts, 1926-27. India.	* England.	Exchange.	Total.	Revised India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	14,59,39,283	5,69,31,204	1,94,25,418	1,92,95,745	13,32,63,000	
Civil Administration—						
22.—General Administration—						
A.—Heads of Provinces (including Governor General and Executive Councils.					22,69,000	1
B.—Legislative Bodies					5,98,000	2
C.—Secretariat and Headquarters establishment	1,27,92,693	28,37,910	9,65,034	1,65,95,637	89,80,000	3
D.—Commissioners					...	4
E.—District Administration					18,12,000	5
F.—Home Administration, etc.					...	6
G.—Miscellaneous, etc.					3,000	7
23.—Audit	80,93,814	2,77,459	94,239	84,64,642	85,45,000	8
24.—Administration of Justice	14,23,776	30,357	10,291	14,64,394	13,48,000	9
25.—Jails and Convict Settlements	36,56,871	26,499	9,610	36,91,880	36,94,000	10
26.—Police	90,72,721	1,45,495	49,418	93,67,124	68,19,000	11
27.—Ports and Pilotage	30,13,525	3,33,919	1,13,406	34,60,850	31,13,000	12
28.—Ecclesiastical	23,40,654	6,78,342	2,30,740	32,49,736	22,10,000	13
29.—Political	3,22,21,716	7,23,941	2,45,929	3,31,91,586	1,37,63,000	14
29-A.—Frontier Watch and Ward	...	...	...	...	2,46,53,000	15
30.—Scientific Departments	75,33,899	7,22,795	2,45,554	85,01,248	83,31,000	16
31.—Education	37,08,154	66,014	22,485	37,96,653	48,28,000	17
32.—Medical	27,65,755	1,83,043	62,270	30,11,068	27,71,000	18
33.—Public Health	16,25,969	93,783	31,902	17,51,654	16,54,000	19
34.—Agriculture	24,98,907	1,19,166	40,588	26,58,661	28,70,000	20
35.—Industries	81,07,018	27,374	9,284	82,03,636	17,22,000	21
36.—Aviation	13,08,866	1,863	630	13,06,299	10,29,000	22
37.—Miscellaneous Departments	8,87,139	1,97,281	67,088	11,51,508	10,08,000	23
37-A.—Indian Stores Department	15,77,331			15,77,331	16,60,000	24
Total	10,26,81,183	64,64,701	21,97,963	11,13,43,847	10,37,83,000	25
Currency and Mint—						
38.—Currency	29,10,044	23,34,584	7,69,562	60,54,190	37,68,000	26
39.—Mint	15,09,031	55,120	18,731	15,82,882	16,80,000	27
Total	44,39,075	23,89,704	8,08,293	76,37,072	54,48,000	28
Civil Works—						
41.—Civil Works	1,88,18,067	1,16,669	59,484	1,89,74,160	1,61,64,000	29
Miscellaneous—						
43.—Famine Relief and Insurance—						
A.—Famine Relief	96,749	...	...	96,749	...	30
44.—Territorial and Political Pensions	29,62,798	73,070	24,831	30,60,699	28,93,000	31
45.—Superannuation Allowances and Pensions	16,12,703	1,83,24,510	62,37,507	2,61,74,720	15,01,000	32
45-A.—Commutation of pensions financed from Ordinary Revenue	...	...	...	...	8,80,000	33
46.—Stationery and Printing	24,99,770	4,91,572	1,66,816	31,58,158	23,48,000	34
47.—Miscellaneous	54,63,709	12,38,224	4,23,346	71,25,279	53,41,000	35
Total	1,26,35,729	2,01,27,376	68,52,500	3,96,15,605	1,29,62,000	36
Military Services—						
48.—Army—						
Effective	30,42,60,916	6,14,87,393	2,09,21,034	47,66,59,343	35,70,01,000	37
Non-effective	3,46,29,215	3,52,01,033	1,19,81,281	8,18,11,529	5,44,85,000	38
	33,88,90,131	9,66,88,426	3,28,92,315	55,84,70,872	39,14,86,000	39
49.—Marine	39,62,359	19,17,484	6,53,638	65,33,481	52,32,000	40
50.—Military Engineer Services	4,36,20,931	4,01,940	1,36,665	4,41,59,536	4,40,95,000	41
Total	47,64,73,421	9,90,07,850	3,36,82,618	60,91,63,889	44,08,13,000	42
Contributions and miscellaneous adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous adjustments between the Central and Provincial Governments.	4,52,896	...	...	4,52,896	3,47,000	43
Extraordinary Items—						
52.—Extraordinary Payments	3,57,997	...	...	3,57,997	18,87,000	44
52-I.—Transfers to Revenue Reserve Fund	2,95,63,311	...	...	2,95,63,311	...	45
Total	2,99,21,308	...	...	2,99,21,308	18,87,000	46
Railway Expenditure as per Railway Budget	16,51,15,831	8,61,05,943	2,03,13,403	28,05,95,177	20,81,84,000	47
Total Expenditure charged to Revenue	95,24,70,733	27,13,03,987	9,28,19,679	1,31,69,99,799	92,28,51,000	48

* Sterling converted into Rupees at £1 = Rs. 10.

of the Central Government, in India and in England—*contd.*

Item No.	Estimate, 1927-28. † England. —	Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1927-28.	Budget Estimate, 1928-29. India.	† England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1927-28.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	7,42,02,000	2,59,000	20,77,24,000	—49,50,000	13,18,85,000	7,07,77,000	...	20,26,62,000	—50,62,000
1	...	...	22,69,000	+1,18,000	23,64,000	...	...	23,64,000	+95,000
2	...	...	6,98,000	—35,000	6,25,000	...	...	6,25,000	+27,000
3	...	...	89,60,000	—1,95,000	95,12,000	...	...	95,12,000	+5,32,000
4	...	...	...	...	...	...	...	...	...
5	...	...	18,12,000	—60,000	18,80,000	...	...	18,80,000	+68,000
6	40,56,000	14,000	40,70,600	—5,95,000	...	61,87,000	...	61,87,000	+21,17,000
7	...	...	3,000	+3,000	3,000	...	...	3,000	...
8	4,67,000	2,000	90,17,000	+1,63,000	95,41,000	4,15,000	...	99,56,000	+9,39,000
9	21,000	...	13,69,000	—4,000	14,02,000	44,000	...	14,46,000	+77,000
10	67,000	...	37,61,000	—2,64,000	38,70,000	41,000	...	39,11,000	+1,50,000
11	1,77,000	1,000	69,97,000	—3,22,000	73,09,000	1,83,000	...	74,92,000	+4,95,000
12	1,47,000	...	32,69,000	—3,63,000	33,27,000	1,12,000	...	34,39,000	+1,79,000
13	8,8[illegible],000	3,000	32,90,000	—1,94,000	24,85,000	8,87,000	...	33,72,000	+1,72,000
14	10,00,000	4,000	1,47,67,000	+1,15,000	1,37,80,000	12,80,000	...	1,50,60,000	+2,93,000
15	1,20,000	...	2,47,73,000	+4,07,000	2,47,31,000	1,27,000	...	2,48,58,000	+85,000
16	11,37,000	4,000	94,62,000	—4,47,000	84,71,000	12,28,000	...	93,99,000	+2,37,000
17	89,000	...	49,17,000	—3,81,000	45,49,000	89,000	...	46,29,000	—2,88,000
18	2,64,000	1,000	30,36,000	+1,13,000	27,60,000	2,05,000	...	29,65,000	—71,000
19	1,01,000	...	17,55,000	+1,14,000	19,29,000	1,23,000	...	20,52,000	+2,97,000
20	1,59,000	1,000	30,30,000	—6,000	29,37,000	1,64,000	...	31,01,000	+71,000
21	37,000	...	17,59,000	+9,21,000	4,19,000	38,000	...	4,57,000	—13,02,000
22	6,000	...	10,35,000	+6,35,000	5,84,000	44,000	...	6,28,000	—4,07,000
23	2,77,000	1,000	29,43,000	+2,600	11,61,000	3,25,000	...	33,09,000	+3,63,000
24					18,23,000				
25	90,02,000	31,000	11,28,16,000	—3,23,000	10,54,53,000	1,14,92,000	...	11,69,45,000	+41,29,000
26	36,21,000	13,000	74,02,000	+18,70,000	36,35,000	12,01,000	...	48,36,000	—25,66,000
27	67,000	...	17,47,000	—2,06,000	18,59,000	2,68,000	...	21,27,000	+3,80,000
28	36,88,000	13,000	91,49,000	+16,64,000	54,94,000	14,69,000	...	69,63,000	—21,86,000
29	91,000	...	1,62,55,000	—4,43,000	1,72,62,000	69,000	...	1,73,31,000	+10,76,000
30	...	...	...	...	...	...	...	...	...
31	1,58,000	1,000	30,51,000	+6,000	28,40,000	1,20,000	...	29,60,000	—91,000
32	2,39,59,000	83,000	2,55,43,000	—81,000	16,63,000	2,35,08,000	...	2,45,71,000	—9,72,000
33	...	...	8,80,000	+3,67,000	8,80,000	...	...	8,80,000	...
34	5,25,000	2,000	28,75,000	—6,67,000	45,93,000	10,83,000	...	56,76,000	+28,01,000
35	14,79,000	5,000	68,25,000	—1,66,000	55,19,000	14,00,000	...	69,19,000	+94,000
36	2,61,21,000	91,000	3,91,74,000	—5,41,000	1,48,95,000	2,61,11,000	...	4,10,06,000	+18,32,000
37	7,11,95,000	2,48,000	42,84,44,000	—39,69,000	36,67,01,000	7,76,96,000	...	44,43,97,000	+1,59,53,000
38	4,86,35,000	1,69,000	8,32,89,000	+1,51,000	3,45,57,000	4,93,39,000	...	8,38,96,000	+6,07,000
39	11,98,30,000	4,17,000	51,17,33,000	—37,58,000	40,12,58,000	12,70,35,000	...	52,82,93,000	+1,65,60,000
40	30,93,000	11,000	83,36,000	+2,76,000	56,87,000	28,3[illegible],000	...	85,19,000	+1,83,000
41	—80,000	...	4,40,15,000	+3,17,000	4,31,74,000	4,26,000	...	4,36,00,000	—4,15,000
42	12,28,43,000	4,28,000	56,40,84,000	—31,65,000	45,01,19,000	13,02,93,000	...	58,04,12,000	+1,63,28,000
43	...	...	3,47,000	+3,47,000	...	...	...	...	—3,47,000
44	...	...	18,87,000	+11,87,000	4,50,000	...	...	4,50,000	—14,37,000
45	...	...	...	...	...	...	...	...	...
46	...	...	18,87,000	+11,87,000	4,50,000	...	...	4,50,000	—14,37,000
47	11,73,68,000	4,10,000	32,59,62,000	+3,10,57,000	20,97,16,000	12,04,84,000	...	33,02,00,000	+42,38,000
48	35,33,15,000	12,32,000	1,27,73,98,000	+2,48,33,000	93,52,74,000	36,06,95,000	...	1,29,59,69,000	+1,85,71,000

†Sterling converted into Rupee at £1=Rs. 13⅓.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1926-27.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,26,57,86,503	3,81,94,803	1,30,39,81,306
Exchange added to Revenue	1,30,18,493	...	1,30,18,493
Total	1,27,88,04,796	3,81,94,803	1,31,69,99,799
Railway Capital not charged to Revenue—			
As per Railway Budget	59,275	...	59,275
Public Debt Incurred—			
Permanent Debt—			
Sterling Debt—			
7 per cent. Stock	...	1,01,762	
5½ per cent. Stock	...	11,16,376	
4½ per cent. Stock	...	9,65,479	
Rupee Debt—			
New Rupee Loan	...	...	
4 per cent. Loan, 1960-70	29,49,70,600	...	
Do. 1934-37	...	...	
3½ per cent. Loans	21,98,000	...	
Total	29,71,68,600	21,83,617	29,93,52,217
Floating Debt—			
Treasury Bills—			
Issued to Public	...	...	
Issued to Paper Currency Reserve	49,65,00,000	...	
India Bills	...	...	
Temporary Loans	...	...	
Total	49,65,00,000	...	49,65,00,000
Carried over	2,07,25,32,871	4,03,78,420	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

Revised Estimate, 1927-28.			Budget Estimate, 1928-29.		
India.	† England.	Total.	India.	† England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,24,42,59,000	3,30,24,000	1,27,72,83,000	1,26,44,69,000	3,20,06,000	1,29,64,75,000
1,15,000	...	1,15,000	...	...	...
1,24,43,74,000	3,30,24,000	1,27,73,98,000	1,26,44,69,000	3,20,06,000	1,29,64,75,000
...	...	...	...	2,03,80,000	2,03,80,000
...	...		...	...	
...	15,83,000		...	16,84,000	
...	9,28,58,000		...	15,46,000	
...	...		32,00,00,000	...	
...	...		...	...	
19,53,79,000	...		...	...	
12,00,000	...		10,28,000	...	
19,65,79,000	9,44,41,000	29,10,20,000	32,10,28,000	32,30,000	32,42,58,000
31,84,05,000	...		35,00,00,000	...	
51,71,60,000	...		62,87,60,000	...	
...	6,66,67,000		...	...	
4,00,00,000	...		...	...	
87,55,65,000	6,66,67,000	94,22,32,000	97,87,60,000	...	97,87,60,000
2,31,65,18,000	19,41,32,000		2,56,42,57,000	5,56,16,000	

† Sterling converted into Rupees at £1 = Rs. 13¼.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1926-27.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Brought forward .	2,07,25,32,871	4,03,78,420	...
Unfunded Debt—			
Deposits of Service Funds . . .	12,72,805	3,93,374	
Post Office Cash Certificates . . .	7,53,48,396	...	
Savings Bank Deposits	29,83,07,134	3,45,086	
Total .	37,49,28,335	7,38,460	37,56,66,795
Deposits and Advances—			
Deposits of Local Funds—			
District Funds	15,97,41,858	...	
Other Funds	9,57,95,412	...	
Sinking Funds for Central Loans . .	1,13,56,735	...	
Other appropriations for Reduction or Avoidance of Debt	3,61,12,016	...	
Sinking Fund Investment Account . .	52,95,296	...	
Sinking Funds for loans granted to local bodies	3,65,764	...	
Gold Standard Reserve	...	36,79,02,228	
Paper Currency Reserve . . .	...	92,02,05,813	
Deposits of Branch Line Companies .	12,73,600	...	
Posts and Telegraphs Depreciation Fund .	33,83,809	...	
Provincial Loans Fund	12,44,48,185	...	
Departmental and Judicial Deposits .	88,69,03,863	...	
Advances	17,01,28,967	6,24,967	
Discount Sinking Fund	...	...	
Suspense	4,61,48,044	1,76,03,401	
Exchange on Remittance Accounts . .	11,13,69,063	...	
Miscellaneous	58,18,593	1,17,48,228	
Revenue Reserve Fund	2,95,63,311	...	
Total .	1,69,10,04,516	1,31,80,84,637	3,00,90,89,153
Railway Depreciation and Reserve Funds as per Railway Budget . .	12,37,11,269	...	12,37,11,269
Carried over .	4,26,21,76,991	1,35,92,01,517	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

Revised Estimate, 1927-28.			Budget Estimate, 1928-29.		
India.	† England.	Total.	India.	† England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,31,65,18,000	19,41,32,000	...	2,56,42,57,000	5,56,16,000	...
10,56,000	4,82,000		10,53,000	5,53,000	
6,20,00,000	...		5,80,00,000	...	
33,24,35,000	—16,01,000		36,18,72,000	...	
39,54,91,000	—11,19,000	39,43,72,000	42,09,25,000	5,53,000	42,14,78,000
16,39,57,000	...		16,31,94,000	...	
9,72,03,000	...		9,69,18,000	...	
1,47,15,000	...		1,52,86,000	...	
3,70,32,000	...		4,03,82,000	...	
1,26,27,000	...		...	...	
3,80,000	...		3,96,000	...	
...	79,57,79,000		...	69,73,99,000	
...	20,23,17,000		...	13,95,19,000	
8,20,000	...		3,00,000	...	
37,00,000	...		40,32,000	...	
14,03,63,000	...		16,39,94,000	...	
95,48,53,000	...		91,12,57,000	...	
16,18,14,000	7,00,000		15,59,42,000	2,85,000	
4,37,000	...		17,88,000	...	
11,15,20,000	—31,37,000		3,25,06,000	2,88,000	
17,45,000	...		...	...	
2,00,000	1,49,76,000		1,72,000	1,42,20,000	
...	...		...	...	
1,70,13,66,000	1,01,07,25,000	2,71,20,91,000	1,58,61,67,000	85,17,11,000	2,43,78,78,000
16,12,26,000	...	16,12,26,000	15,45,30,000	...	15,45,30,000
4,57,46,01,000	1,20,37,38,000		4,72,58,79,000	90,78,80,000	

† Sterling converted into Rupees at £1 = Rs. 13⅓.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1926-27.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Brought forward	4,26,21,76,991	1,35,92,01,517	
Loans and Advances by the Central Government—			
Advances to the Provincial Loans Fund	...	...	
Other Loans and Advances	1,54,24,159	...	
Total	1,54,24,159	...	1,54,24,159
Remittances—			
Remittances within India—			
Inland Money Orders	93,98,31,162	...	
Other Local Remittances	36,93,930	...	
Other Departmental Accounts	68,32,897	...	
Net Receipts by Civil Treasuries from—			
Railways	5,77,35,636	...	
Posts and Telegraphs	5,54,25,683	...	
Net Receipts from Civil Treasuries by—			
Marine	40,52,782	...	
Army and Military Engineer Services	39,32,48,507	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	1,38,89,021	
Sale of Silver	...	...	
Other transactions	1,57,20,160	3,13,86,258	
Remittances from India for financing Home Treasury	...	2,11,50,000	
Sale of Sterling	1,42,50,000	...	
Transfers through the Paper Currency Reserve	...	23,42,70,485	
Total	1,49,07,80,757	30,06,95,764	1,79,14,86,521
Balances of Provincial Governments	...	...	...
Total Receipts	5,76,83,91,907	1,65,98,97,281	
Opening Balance	25,14,88,041	(a) 15,04,63,055	
GRAND TOTAL	6,01,98,79,948	1,81,03,60,336	

* Sterling converted into Rupees at £1 = Rs. 10.

(a) Of this amount, £825 represents the funds of the Gold Standard Reserve.

Central Government, in India and in England—*contd.*

Revised Estimate, 1927-28.			Budget Estimate, 1928-29.		
India.	†England.	Total.	India.	†England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,57,46,01,000	1,20,37,38,000		4,72,58,79,000	90,78,80,000	
...	...		...	...	
1,09,54,000	...		83,51,000	...	
1,09,54,000	...	1,09,54,000	83,51,000	...	83,51,000
96,75,00,000	...		98,95,00,000	...	
4,46,000	...		3,20,000	...	
3,59,84,000	...		3,47,00,000	...	
5,26,09,000	...		6,90,79,000	...	
4,38,10,000	...		4,38,10,000	...	
55,61,000	...		43,75,000	...	
39,30,60,000	...		38,84,12,000	...	
...	1,08,33,000		...	1,01,33,000	
...	1,44,00,000		...	...	
89,56,000	4,68,53,000		91,68,000	3,47,27,000	
...	38,00,00,000		...	48,00,00,000	
...	...		...	...	
4,43,52,000	7,42,88,000		...	...	
1,55,22,78,000	52,63,74,000	2,07,86,52,000	1,53,93,64,000	52,48,60,000	2,06,42,24,000
1,52,51,000	...	1,52,51,000	3,67,44,000	...	3,67,44,000
6,15,30,84,000	1,73,01,12,000		6,31,03,38,000	1,43,27,40,000	
27,87,75,069	(*b*) 4,31,13,307		12,73,48,069	(*b*) 8,07,11,307	
6,43,18,59,069	1,77,32,25,307		6,43,76,86,069	1,51,34,51,307	

† Sterling converted into Rupees at £1 = Rs. 13⅓.

(*b*) Of this amount, £325 represents the funds of the Gold Standard Reserve.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1926-27.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	95,34,76,733	27,12,03,387	1,22,46,80,120
Exchange charged as Expenditure	9,23,19,679	...	9,23,19,679
Total	1,04,57,96,412	27,12,03,387	1,31,69,99,799
Irrigation, Posts and Telegraphs and other Capital not charged to Revenue—			
Capital outlay on Security Printing Press	16,49,855	...	16,49,855
Construction of Irrigation Works	—70,632	...	—70,632
Capital outlay on Posts and Telegraphs	23,10,103	9,49,027	32,59,130
Capital outlay on Vizagapatam Port	23,66,612	8,19,853	31,86,465
Currency Capital outlay	8,61,259	5,142	8,66,401
Initial Expenditure on New Capital at Delhi	59,53,932	2,09,185	61,63,117
Payment of Commuted value of Pensions	28,85,222	...	28,85,222
Capital outlay on Bombay Land Scheme	...	...	...
Total	1,59,56,351	19,83,207	1,79,39,558
Railway Capital not charged to Revenue—			
As per Railway Budget	19,48,63,165	10,37,88,799	29,86,51,964
Public Debt Discharged—			
Permanent Debt—			
Sterling Debt—			
7 p. c. Stock	...	99,42,175	
State Railway annuities	...	1,34,73,481	
Do. Do. Sinking Funds	...	20,00,000	
Redemption of liabilities assumed in respect of British War Loan (1929-47)	...	51,20,094	
Rupee Debt—			
6 p. c. Bonds, 1926	19,81,45,600	...	
Do. Do. 1927	2,39,22,500	...	
Other 6 p. c. Bonds	1,800	...	
5½ p. c. War Bonds, 1928	1,00,99,400	...	
Other 5½ p. c. War Bonds	8,22,850	...	
5 p. c. Loan, 1945-55	1,700	...	
4 p. c. Terminable Loan	28,500	...	
Other Loans	26,28,412	...	
Total	23,56,50,762	3,05,35,750	26,61,86,512
Carried over	1,49,22,66,690	40,75,11,143	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

Revised Estimate, 1927-28.			Budget Estimate, 1928-29.		
India.	†England.	Total.	India.	†England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
92,28,51,000	35,33,15,000	1,27,61,66,000	93,52,74,000	36,06,95,000	1,29,59,69,000
12,32,000	...	12,32,000	...	...	...
92,40,83,000	35,33,15,000	1,27,73,98,000	93,52,74,000	36,06,95,000	1,29,59,69,000
—9,79,000	...	—9,79,000	27,000	40,000	67,000
16,93,000	...	16,93,000	1,74,000	...	1,74,000
43,77,000	13,79,000	57,56,000	53,18,000	14,84,000	68,02,000
36,12,000	1,49,000	37,61,000	40,88,000	6,65,000	47,53,000
13,48,000	4,60,000	18,08,000	10,000	7,000	17,000
48,33,000	5,67,000	54,00,000	70,44,000	8,24,000	78,68,000
35,52,000	...	35,52,000	34,85,000	...	34,85,000
20,74,000	...	20,74,000	2,05,22,000	...	2,05,22,000
2,05,10,000	25,55,000	2,30,65,000	4,06,68,000	30,20,000	4,36,88,000
17,50,23,000	13,16,67,000	30,66,90,000	15,33,33,000	14,70,47,000	30,03,80,000
...	65,000		...	...	
...	1,85,85,000		...	1,92,28,000	
...	26,67,000		...	26,67,000	
...	71,68,000		...	75,24,000	
20,00,000	...		2,00,000	...	
17,30,00,000	...		20,00,000	...	
...	...		...	...	
4,12,26,000	...		16,25,00,000	...	
3,50,000	...		3,10,000	...	
...	...		...	...	
30,000	...		20,000	...	
14,04,000	...		12,00,000	...	
21,80,10,000	2,84,85,000	24,64,95,000	16,62,30,000	2,94,19,000	19,56,49,000
1,33,76,26,000	51,60,22,000		1,29,55,05,000	54,01,81,000	

† Sterling converted into Rupees at £1 = Rs. 13⅓.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1926-27.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Brought forward .	1,49,22,66,690	40,75,11,143	
Floating Debt—			
Treasury Bills—			
Issued to Public	...	...	
Do. Paper Currency Reserve .	57,83,00,000	...	
India Bills	...	...	
Temporary Loans	...	...	
Total .	57,83,00,000	...	57,83,00,000
Unfunded Debt—			
Special Loans	14,928	...	
Deposits of Service Funds . . .	15,84,890	21,522	
Post Office Cash Certificates . .	1,82,16,158	...	
Savings Bank Deposits	22,85,18,558	96,624	
Total .	24,83,34,534	1,18,146	24,84,52,680
Deposits and Advances—			
Deposits of Local Funds—			
District Funds	15,89,06,923	...	
Other Funds	9,60,30,127	...	
Sinking Fund Investment Account .	1,96,49,821	...	
Gold Standard Reserve . . .	...	36,79,08,649	
Paper Currency Reserve . . .	...	92,02,05,813	
Deposits of Branch Line Companies .	5,44,777	...	
Posts and Telegraphs Depreciation Fund .	3,79,054	...	
Provincial Loans Fund . . .	12,64,55,427	...	
Departmental and Judicial Deposits .	87,99,78,284	...	
Advances	16,23,74,289	3,13,020	
Discount Sinking Fund	3,53,96,472	...	
Suspense	1,38,85,631	1,67,76,775	
Miscellaneous	45,12,468	1,16,92,383	
Revenue Reserve Fund	...	...	
Total .	1,49,81,13,273	1,31,68,96,640	2,81,50,09,913
Railway Depreciation and Reserve Funds as per Railway Budget . . .	8,04,64,667	...	8,04,64,667
Carried over .	3,89,74,79,164	1,72,45,25,929	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

Revised Estimate, 1927-28.			Budget Estimate, 1928-29.		
India.	†England.	Total.	India.	†England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,33,76,26,000	51,60,22,000		1,29,55,05,000	54,01,81,000	
22,84,05,000	...		35,00,00,000	...	
61,24,80,000	...		62,87,60,000	...	
...	6,66,67,000		...	...	
4,00,00,000	...		...	...	
88,08,85,000	6,66,67,000	94,75,52,000	97,87,60,000	...	97,87,60,000
18,000	...		18,000	...	
14,89,000	32,000		14,79,000	40,000	
2,02,00,000	...		2,52,00,000	...	
25,65,64,000	17,000		27,72,57,000	...	
27,82,71,000	49,000	27,83,20,000	30,39,51,000	40,000	30,39,91,000
16,44,71,000	...		16,41,46,000	...	
9,74,50,000	...		9,70,14,000	...	
2,73,44,000	...		1,52,86,000	...	
...	79,57,79,000		...	69,73,99,000	
...	20,23,17,000		...	13,95,19,000	
5,50,000	...		5,50,000	...	
1,72,000	...		1,33,000	...	
14,03,62,000	...		16,28,79,000	...	
93,79,43,000	...		89,81,37,000	...	
15,19,32,000	3,88,000		15,34,37,000	2,77,000	
1,07,46,000	...		...	...	
4,97,25,000	2,87,000		2,37,02,000	2,69,000	
7,80,000	1,50,63,000		...	1,42,87,000	
1,68,73,000	...		...	...	
1,59,83,78,000	1,01,38,34,000	2,61,22,12,000	1,51,52,84,000	85,17,51,000	2,36,70,35,000
10,70,00,000	...	10,70,00,000	9,00,00,000	...	9,00,00,000
4,20,21,60,000	1,59,65,72,000		4,18,35,03,000	1,39,19,72,000	

† Sterling converted into Rupees at £1 = Rs. 13⅓.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1926-27.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Brought forward	3,89,74,79,164	1,72,45,25,929	
Loans and Advances by the Central Government—			
Advances to the Provincial Loans Fund	5,56,78,000	...	
Other Loans and Advances	1,86,22,785	...	
Total	7,43,00,785	...	7,43,00,785
Remittances—			
Remittances within India—			
Inland Money Orders	93,89,98,038	...	
Other Local Remittances	...	...	
Other Departmental Accounts	...	...	
Net Payments into Civil Treasuries by—			
Railways	5,63,57,133	...	
Posts and Telegraphs	5,51,42,315	...	
Net Issues from Civil Treasuries to—			
Marine	40,52,838	...	
Army and Military Engineer Services	39,26,22,963	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	1,38,89,021	...	
Sale of Silver	...	...	
Other transactions	3,62,50,059	1,23,15,153	
Remittances from India for financing Home Treasury	2,11,50,000	...	
Sale of Sterling	...	1,42,50,000	
Transfers through the Paper Currency Reserve	23,42,70,485	...	
Total	1,75,27,32,852	2,65,65,153	1,77,92,98,005
Balances of Provincial Governments	1,65,92,078	2,69,34,276	4,35,26,354
Total Disbursements	5,74,11,04,879	1,77,80,25,358 (b)	
Closing Balance	27,87,75,069	3,23,34,978	
GRAND TOTAL	6,01,98,79,948	1,81,03,60,336	

* Sterling converted into Rupees at £1 = Rs. 10.

(b) Of this amount, £183 represents the

Central Government, in India and in England—*concld.*

Revised Estimate, 1927-28.			Budget Estimate, 1928-29.		
India.	† England.	Total.	India.	† England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,20,21,60,000	1,59,65,72,000		4,18,35,03,000	1,39,19,72,000	
6,17,23,000	...		6,86,95,000	...	
2,50,35,000	...		2,13,48,000	...	
8,67,58,000	...	8,67,58,000	9,00,43,000	...	9,00,43,000
96,70,00,000	...		98,89,00,000	...	
3,37,000	...		2,42,000	...	
3,59,48,000	...		3,45,25,000	...	
5,26,09,000	...		6,72,79,000	...	
4,38,10,000	...		4,38,10,000	...	
55,61,000	...		43,75,000	...	
39,30,60,000	...		38,84,12,000	...	
1,08,33,000	...		1,01,34,000	...	
1,44,00,000	...		...	...	
3,77,47,000	1,80,62,000		2,65,85,000	1,73,09,000	
38,00,00,000	...		48,00,00,000	...	
...	...		...	...	
7,42,88,000	4,43,52,000		...	...	
2,01,55,93,000	6,24,14,000	2,07,80,07,000	2,04,42,62,000	1,73,09,000	2,06,15,71,000
...	3,35,28,000	3,35,28,000	...	3,80,49,000	3,80,49,000
6,30,45,11,000	1,69,25,14,000		6,31,78,08,000	1,44,73,30,000	
12,73,48,069	(*b*) 8,07,11,307		11,98,78,069	(*b*) 6,61,21,307	
6,43,18,59,069	1,77,32,25,307		6,43,76,86,069	1,51,34,51,307	

† Sterling converted into Rupees at £1 = Rs. 13⅓.

funds of the Gold Standard Reserve.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	Accounts, 1926-27.		Revised Estimate, 1927-28.		Budget Estimate, 1928-29.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	46,56,83,497	...	47,77,93,000	...	49,29,31,000	...
Taxes on Income	15,03,20,717	...	14,98,10,000	...	16,30,17,000	...
Salt	5,49,65,310	...	5,52,38,000	...	5,77,54,000	...
Opium	3,32,69,463	...	2,91,18,000	...	2,66,28,000	...
Other Heads	1,60,97,861	...	1,71,86,000	...	1,57,76,000	...
TOTAL	72,03,56,848	...	72,91,45,000	...	75,61,06,000	...
Salt and other Capital Outlay charged to Revenue	...	7,18,365	...	16,87,000	...	6,41,000
Irrigation	...	5,24,860	9,55,000	...	...	10,74,000
Railways	6,01,13,210	...	6,35,58,000	...	5,46,00,000	...
Posts and Telegraphs	...	5,17,615	...	29,91,000	...	24,29,000
Debt Services	...	12,65,90,387	...	12,27,33,000	...	11,98,64,000
Civil Administration	...	10,27,38,768	...	10,32,82,000	...	10,68,13,000
Currency and Mint	3,39,14,155	...	1,81,48,000	...	1,79,18,000	...
Civil Works	...	1,73,95,369	...	1,46,92,000	...	1,58,90,000
Miscellaneous	...	3,36,14,509	...	3,45,25,000	...	3,28,24,000
Military Services	...	55,96,95,625	...	54,02,00,000	...	55,10,00,000
Provincial Contributions and Miscellaneous adjustments between Central and Provincial Governments.	5,13,22,555	...	7,12,000	...	...	...
Extraordinary Items	...	2,39,11,050	1,65,92,000	...	22,17,000	...
TOTAL	86,57,06,768	86,57,06,768	82,91,10,000	82,91,10,000	83,10,41,000	83,05,35,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*concld.*

Revenue and Expenditure.	Accounts, 1926-27.		Revised Estimate, 1927-28.		Budget Estimate, 1928-29.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus	...	...	...	...	5,06,000	...
Capital Account—						
Capital outlay on Security Printing Press	...	16,49,855	...	—9,79,000	...	67,000
Railway Capital not charged to Revenue	...	29,85,92,659	...	30,66,00,000	...	28,00,00,000
Construction of Irrigation Works	...	—70,632	...	16,93,000	...	1,74,000
Capital outlay on Posts and Telegraphs	...	32,59,130	...	57,56,000	...	68,02,000
Capital outlay on Vizagapatam Port	...	31,86,465	...	37,61,000	...	47,53,000
Currency Capital outlay	...	8,66,401	...	18,98,000	...	17,000
Initial expenditure on new Capital at Delhi	...	61,63,117	...	54,00,000	...	78,68,000
Payment of commuted value of pensions	...	28,85,222	...	55,52,000	...	34,85,000
Capital Outlay on Bombay Land Scheme	...	...	...	20,74,000	...	2,05,23,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	3,31,65,705	...	4,45,25,000	...	12,86,99,000	...
Floating Debt	...	8,18,00,000	...	53,30,000	...	...
Unfunded Debt	12,72,14,115	...	11,60,52,000	...	11,74,84,000	...
Deposits and Advances	23,73,25,842	...	15,41,05,000	...	13,53,73,000	...
Loans and Advances by Central Government	...	5,88,76,626	...	7,58,04,000	...	8,16,02,000
Remittances	1,21,88,516	...	6,45,000	...	26,53,000	...
Balances of Provincial Governments	...	4,35,26,354	...	1,82,77,000	...	13,05,000
Opening Balance	40,19,51,096	...	32,18,88,376	...	20,80,59,376	...
Closing Balance	...	31,11,10,047	...	20,80,59,376	...	18,50,99,376
Total	81,18,45,274	81,18,45,274	63,72,15,376	63,72,15,376	59,26,84,376	59,26,84,376

THE INDIAN FINANCE BILL.*

INTRODUCED IN THE LEGISLATIVE ASSEMBLY ON THE 29TH FEBRUARY 1928.

A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax; It is hereby enacted as follows :—

VI of 1898.
X of 1923.

Short title, extent and duration.

1. (*1*) This Act may be called the Indian Finance Act, 1928.

(*2*) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(*3*) Sections 2 and 3 shall remain in force only up to the 31st day of March, 1929.

XII of 1882.

Fixation of salt duty.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, with effect from the 1st day of April, 1928, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

VI of 1898.

Postal rates.

3. With effect from the 1st day of April, 1928, the schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act.

X of 1923.

Amendment of Act X of 1923.

4. In sub-section (*7*) of section 19 of the Indian Paper Currency Act, 1923, for the figures "1928" the figures "1929" shall be substituted.

Income-tax and super-tax.

5. (*1*) Income-tax for the year beginning on the 1st day of April, 1928, shall be charged at the rates specified in Part I of the Second Schedule.

XI of 1922.

(*2*) The rates of super-tax for the year beginning on the 1st day of April, 1928, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Second Schedule.

(*3*) For the purposes of the Second Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922.

XI of 1922.

* This Bill was passed—without modification—by the Legislative Assembly on the 19th March 1928 and by the Council of State on 22nd *idem*.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

[*See section 3.*]

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[*See section 7.*]

Letters.

For a weight not exceeding two and a half tolas	One anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas	One anna.

Postcards.

Single	Half an anna.
Reply	One anna.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof	Half an anna.

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."

SCHEDULE II.

[*See section 5.*]

PART I.

Rates of Income-tax.

	Rate.
A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(1) When the total income is less than Rs. 2,000	*Nil.*
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 20,000.	Nine pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and three pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards	One anna and six pies in the rupee.
B. In the case of every company and registered firm, whatever its total income.	One anna and six pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income:—

	Rate.
(1) in the case of every company	One anna in the rupee.
(2) (*a*) in the case of every Hindu undivided family—	
(*i*) in respect of the first twenty-five thousand rupees of the excess	*Nil.*
(*ii*) for every rupee of the next twenty-five thousand rupees of such excess.	One anna in the rupee.
(*b*) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company, for every rupee of the first fifty thousand rupees of such excess.	One anna in the rupee.
(*c*) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(*i*) for every rupee of the second fifty thousand rupees of such excess.	One and a half anna in the rupee.
(*ii*) for every rupee of the next fifty thousand rupees of such excess	Two annas in the rupee.
(*iii*) for every rupee of the next fifty thousand rupees of such excess	Two and a half annas in the rupee.
(*iv*) for every rupee of the next fifty thousand rupees of such excess	Three annas in the rupee.
(*v*) for every rupee of the next fifty thousand rupees of such excess	Three and a half annas in the rupee.
(*vi*) for every rupee of the next fifty thousand rupees of such excess	Four annas in the rupee.
(*vii*) for every rupee of the next fifty thousand rupees of such excess	Four and a half annas in the rupee.
(*viii*) for every rupee of the next fifty thousand rupees of such excess	Five annas in the rupee.
(*ix*) for every rupee of the next fifty thousand rupees of such excess	Five and a half annas in the rupee.
(*x*) for every rupee of the remainder of the excess . . .	Six annas in the rupee.

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to continue certain provisions of the Indian Finance Act, 1927, which would otherwise cease to have effect from the 1st April, 1928.

2. Clauses 2, 3 and 5 provide for the continuance of the rates of salt duty, postage, income-tax and super-tax prescribed by the Indian Finance Act, 1927, while clause 4 provides for the credit to revenue for a further period of one year, *i.e.*, till the 31st March, 1929, of interest on securities forming part of the Paper Currency Reserve.

The 29th February, 1928. BASIL P. BLACKETT.

Speech of the Financial Secretary in the Council of State on the 29th February 1928.

THE HONOURABLE MR. E. BURDON (Finance Secretary): Sir, I rise to present the Budget Statement for the coming financial year. I have been concerned with Budget Statements before in a humbler capacity when I was Under Secretary in the Finance Department in the days of that eminent Finance Member the late Sir William Meyer. To-day I have a much greater responsibility; but in addressing myself to it I am fortified by the knowledge that in this Council I shall have an indulgent audience.

In a little while Honourable Members will receive, as usual, a complete set of the printed budget papers, including the Budget Statement proper, which sets forth the figures in detail under each account head; a copy of the valedictory Budget speech which the Honourable Finance Member is now making in another place; and also my own Explanatory Memorandum which will, I hope, furnish Honourable Members with all the material that they may require for closer study of our present financial situation and future prospects. I intend that my speech to-day shall merely serve as a general introduction to this volume of detail. I think that in this way I can best promote the convenience of the Council, and accordingly I propose to confine my remarks to broad facts and broad results, and to avoid figures, as far as I can do so, without detriment to my main purpose. As a small preliminary matter, I wish to refer to a point of form in the Budget Statement proper which will attract the practised eye of Honourable Members as soon as they see it. We have on this occasion for the first time dispensed with the signatures of the Auditor-General and the Controller of the Currency in a number of places in the Budget Statements. These now bear the Financial Secretary's signature alone in one place, as is the practice in the case of the Financial Statement presented to Parliament in England. The omission of the signatures of the two Officials mentioned does not in any way mean that safeguards hitherto in force have been relaxed. The same processes of check and certification continue to be applied, but the formality of signature has been dispensed with in order to avoid the necessity of the Auditor General and the Controller of the Currency being in attendance in New Delhi on the day of the presentation of the Budget when their presence may be more urgently required elsewhere.

I now turn to matters of substance, and the first of these must naturally be the actual outturn of the last financial year. The position in regard to this is particularly satisfactory. The accounts for 1926-27 disclose a revenue surplus of 2,96 lakhs against 2,82 lakhs which was anticipated in the revised estimate of a year ago. The difference is only 14 lakhs, and the success in estimation which is indicated by this result can, we believe, be attributed very largely to improved methods of work which have now been in operation for some little time. The entire surplus has been transferred to the Revenue Reserve fund which was instituted a year ago as part of a plan aiming at the complete remission of the provincial contributions.

The Council will next desire to have a brief appreciation of the general conditions of the current financial year. The visible balance of trade, including private imports of treasure, for the ten months ended 31st January 1928 was in favour of India by 37·24 crores as compared with 27·05 crores a year ago. Both imports and exports of merchandise have increased in value by 8 per cent. Improvement has been increasingly marked during the latter months of the year 1927, and it is a further sign of the inherent soundness of India's trade

position that practically all the principal articles of import and export contribute to the increase. Among exports, raw cotton alone shows any appreciable falling off, reflecting the unsatisfactory conditions of the last harvest, but the figures for the present season, so far as they are available, hold out a better promise. I will not occupy the time of the House with figures for individual commodities except to refer to motor vehicles of which the statistics are of peculiar interest in relation to the development of India's road communications. Following the reduction in duty which came into force a year ago, increases of 16 and 35 per cent., respectively, have been recorded in the number of motor cars and commercial motor vehicles imported during the first nine months of the year, but owing to lower prices the yield of our customs duty on these imports has fallen below our expectations. During the last two years, however, prices in general have shown a stability unknown since the outbreak of the war. While more stable world conditions are partly responsible for this result without which there cannot be a healthy basis for the expansion of trade, the figures of India's trade reflect the advantages which have accrued from the stabilization of the rupee. Again, Railway earnings may very fairly be regarded as an important barometer of trade, and the Council has already been made aware of the remarkable improvement in the railway figures for 1927-28 which, by enabling important reductions to be made in railway charges, will itself give a new stimulus towards business and agricultural prosperity. In addition there are other clear indications that during the last year Indian commerce has made a steady advance and that the effects of the post-war trade depression are at long last being dissipated. A noticeable feature of the trade returns is the reduction in the net imports of treasure by 6½ crores in the first ten months of the current year.

I shall now take the revised estimates for the current year and will mention individually a few of the more important heads of revenue and expenditure. In the first instance, however, I wish to remind the Council that our original calculations were considerably disturbed, not very long after they had been made, by the decision, arising out of the Report of the Tariff Board on the Cotton Industry, to sacrifice nearly a crore a year of our Customs revenue. The incidence of this in the current year may be taken as Rs. 45 lakhs. Notwithstanding this, we hope to realise under Customs in the current year all but 10 lakhs of the amount 48·73 crores for which we took credit in the Budget. Larger receipts from tobacco, mineral oils, protective duties, and jute have helped to balance a very considerable deterioration under other heads, principally cotton piecegoods and matches. As Honourable Members are aware, a Land Customs line between Kathiawar and British India was re-instituted early in July last, the line popularly known as the Viramgam Cordon, and we believe that this may be an important reason for the generally satisfactory aggregate result which is now in prospect. On the other hand, the yield from Taxes on Income is very disappointing, and we have to reckon upon a deterioration of 1,30 lakhs. This is occasioned in a minor degree only by the decision to assess to tax 40 per cent. of the aggregate profits of tea companies instead of 50 per cent. as originally contemplated. The main cause is to be found in an unexpected falling off in profits of the jute trade in Bengal. Salt is expected to yield 25 lakhs less than the amount estimated. Under Opium practically no change is anticipated. The Council will see at once that the large loss under Taxes on Income would have led inevitably to a considerable deficit but for the fact that the Railways have come to the rescue, the contribution from this source being 88 lakhs more than that assumed in the Budget.

On the expenditure side, outlay on military services shows no excess. Savings due to the despatch of troops to China and other causes have been

devoted to a programme of expenditure on modernising the equipment of the Army, the need for which is evident, but for which provision could not be made in the Budget. Debt services show a saving of 17 lakhs. There is another saving of 18 lakhs under Irrigation expenditure, but this is merely the effect of a book-keeping adjustment.

On the whole, expenditure in the current year is now taken at 1,25·26 crores and the revenue at the same figure, the net result being neither a surplus nor a deficit. I must at once explain, however, that the figure of revenue includes a transfer of 1,69 lakhs from the Revenue Reserve Fund instead of the sum of 1,72 lakhs provided for in the Budget. So far as the year 1927-28 taken by itself is concerned, therefore, the actual outturn as now forecasted will vary from the original estimate to the extent of 3 lakhs only, and that on the side of improvement.

Before I proceed to reveal the revenue and expenditure proposals for next year, the Council will wish to have some account of the Ways and Means position, and, as is customary, of certain other financial matters which are of great general interest. Briefly stated, the Ways and Means position is as follows. In the current year our liabilities are : Railway capital outlay 30 crores ; other capital outlay 2¼ crores ; Provincial Governments' demands by way of drawings and advances 8 crores ; discharge of debt 25½ crores net ; miscellaneous demands 3 crores ; the aggregate liabilities being 68·7 crores. *Per contra*, our loan operations in India and England have produced 27½ crores net, while postal cash certificates and savings bank deposits have produced 6½ crores. We propose to trench upon our cash balances by 11½ crores, and will find the remaining assets required from miscellaneous resources including the depreciation and reserve funds and the provision for debt redemption. In 1928-29, our liabilities are as follows—Railway capital outlay 28 crores including 4 crores for the purchase of the Burma Railways ; other capital outlay 4½ crores ; Provincial demands 7 crores ; discharge of debt 19 crores net ; total 58 crores roundly. To meet these liabilities we reckon upon receiving 6½ crores from Postal cash certificates and savings bank deposits, and we will draw upon our cash balances to the extent of 2½ crores. Adding to these the receipts from miscellaneous resources, the provision for debt redemption, etc., we shall be able to close the year with sufficient working cash balances, both in India and in England provided we raise a loan of 32 crores of rupees. Of this, about 13 crores would represent new money. We see no reason at present to think that the whole of this loan cannot be raised in India, but much must depend on the monsoon, and the fact that the payment to the Burma Railway Company has to be made in sterling adds to our sterling requirements. Indeed, if we effect the purchase out of money remitted from India, we shall really be paying off 4 crores of our external indebtedness.

The net proceeds of the rupee loan in the current year amounted to 18½ crores only, while the total amount of debt redeemed amounted to 25·4 crores. Of this total 21½ crores represented the bonds maturing in 1927 and 1928 which were either converted or redeemed in cash. In our anxiety to guard the interests of the Indian taxpayer and in our desire not to disturb the market in Government securities which were being quoted at rather higher figures than we ourselves thought to be justified, we did not make the terms of our rupee loan as attractive as we possibly should have done, and the fact that it was a short-dated loan seems to have militated against complete success. In the result, we had to tide over temporary difficulties by various expedients. The re-introduction of Treasury Bills in India was in full accordance with our plans, as we deliberately desired to improve the financial facilities of the Indian money market and check seasonal fluctuations in the market for Government

securities by this means. We found it necessary, in addition, to resort to external borrowing, first by raising sterling bills to the extent of £5 million in England in July last which have since been repaid and later by the issue of a sterling loan of £7½ million about a month ago. Even so, the net cash receipts from the rupee and sterling loans aggregated only 27½ crores which was only about 2 crores more than the net amount of debt discharged and as much as 13 crores less than the amount required for railway and other capital outlay including that of Provincial Governments. It is no inconsiderable achievement to have financed a capital outlay of this magnitude in a year of rather difficult money conditions, in which our own calculations were upset by the fact that the capital expenditure was 6½ crores in excess of our original anticipations. It is, in our opinion, well worth India's while to persist in the policy of spending money freely on capital development for productive purposes. The Railway budget introduced last week, with its big reductions in fares and freights, is evidence of the value of the policy we have been following. Very large sums are now being invested year by year in expansion of railways, in irrigation works, in harbour development, and on hydro-electric and other projects. But if this policy is to be continued unchecked, there must be no slackening in the annual savings of the country, and these must be made available without stint for loans for capital purposes whether issued by the Central Government, by Provincial Governments, or by other authorities.

As regards Home remittances, the position is that a year ago we estimated that we should require to remit £35½ million to London during 1927-28. Actually a somewhat higher figure than this should have been taken, since we were unable to carry out the remittance programme in full at the end of 1926-27, and in consequence, we started with abnormally low balances in London. In addition, the excess in our capital expenditure, to which I have already referred, was partly incurred outside India. The sterling loan, however, has made it possible to reduce the net remittance figure to £30¾ million, of which £28½ million is expected to be remitted through the market. In 1928-29, the remittance figure has been put tentatively at £36 million, which will enable us to close the year with a normal balance.

In considering questions of Ways and Means and of provision for Capital outlay it is a natural process and one of great interest and importance to take stock of the National Credit. Honourable Members will no doubt have observed for themselves the satisfactory course of prices of Government of India securities both in India and in England. The improvement of India's credit in London was strikingly demonstrated by the success of the recent sterling loan and is apparent from other evidence also. To select one example, London County Council 3½ per cent. stock stood at 97 on the 30th April 1914, had dropped to 73 on the 1st February 1926, and was quoted at 73½ on the 31st December 1927 ; on the other hand, the India 3½ per cent. loan which stood at 88¼ on the 30th April 1914 and had dropped to 68 on the 1st February 1926, had risen to 72¾ on the 31st December 1927.

The statistics of our debt also give real cause for satisfaction. These statistics will be found in full detail in the printed papers which Honourable Members will receive, but the Council will, I think, be glad to hear now very briefly what the general position is. It is this. In the five years since 31st March 1923 when the era of deficits came to an end, the unproductive debt was diminished to the extent of 76 crores. The aggregate debt has increased by 1,13 crores, the net result of the reduction which I have just mentioned and an increase of 1,89 crores in productive debt. Before the close of the ensuing year, we hope to have nearly liquidated the debt due to the five years of revenue

deficits from 1918-19 to 1922-23, and, if the present rate of progress is maintained, we should be justified in hoping that our unproductive debt will vanish altogether in about twelve years. I shall cite other facts of great interest relating to the public debt when I come to deal with the next year's expenditure on debt services charged to revenue.

I now turn to the Budget estimates for next year. Allowing for the effect of the establishment of the Viramgam Cordon, we hope to obtain under Customs about 40 lakhs more from sugar, and 26 lakhs from larger imports of motor cars and cycles. Cotton piecegoods too should show some improvement. On the other hand, we have to allow for the full effect of the loss of revenue resulting from the abolition of the import duty on mill stores and machinery of which we had only a foretaste in the current year. The further loss is estimated at 40 lakhs. But, on the whole, we feel justified in taking the figure of 50·18 crores, which is 1,55 lakhs more than the revised estimate. Under Taxes on Income, we look for 17 crores, which is only 5 lakhs more than the original budget for the current year, but 1,35 lakhs more than the revised estimate. The estimate is justified, we think, by *inter alia* the prosperity which the jute trade is enjoying in the current year. From Salt, we hope to get 7 crores, which is the current year's budget figure. Under Opium we must reckon on a net loss of 25 lakhs as the result of our policy of gradual reduction and eventual extinction of opium exports. The contribution from railways, which will be based on the actual results of 1926-27, will be 5·23 crores, with an addition of 25 lakhs representing our share of the surplus remaining after payment of the ordinary contribution under the convention. Even so, the total will be 88 lakhs less than the amount which we expect to receive from Railways this year. We have also to allow for a reduction of 10½ lakhs in the subsidy from Mysore, and, in order to cast the account on the basis of existing facts, I assume for the moment that we shall get from the Provinces the entire amount of 2,58 lakhs, the amount of contributions not finally extinguished last year.

On the expenditure side, the grant for military services has been taken at 55·10 crores, this including 10 lakhs for expansion of the Territorial Force. If this special provision be excluded from consideration, the grant is 8 lakhs more than the current year's grant. The Council have known for some time that after the large reductions of the last few years further curtailment of military expenditure cannot be hoped for if provision for defence is to be adapted to modern conditions. The possibility of reduction is constantly in mind, but the Government of India are satisfied that the time for further retrenchment has not yet come.

Under the head Debt Services, we have a saving as compared with the revised estimate for 1927-28 of 67 lakhs. I should, however, draw the attention of the House to the fact that the budget estimate includes two abnormal items, namely, one of 81 lakhs for the premium of the 5½ per cent. Bonds issued in 1918 and maturing in 1928 at 105 per cent., and an increased charge of 25 lakhs for bonus on Cash Certificates. Both these charges are in the nature of deferred interest. But for these special items, the savings would have been as much as 1,73 lakhs. Attention has been drawn in previous years to the way in which our steady pursuit of the policy of making regular provision for the reduction or avoidance of debt and confining new borrowings to productive purposes is bringing in an annual dividend to the taxpayer. The policy is one which has always had the strong support of certain distinguished members of this Council, and it is generally recognised both in India and England as very largely responsible for the improvement in India's credit to which I have alluded The charge for interest on deadweight debt in the year 1923-24

amounted to 15·97 crores, while in 1928-29 it will be only 9·51 crores—a decrease of 6·46 crores. The increase in the provision for reduction or avoidance of debt during the same period is 1·78 crores, while the aggregate provision on this account next year is 5·40 crores. In other words, the saving in the interest on deadweight debt in the five years is more than three-and-a-half times the increase in the provision for debt redemption and over a crore more than the actual provision on this account in 1928-29.

The expenditure on Civil Administration next year is expected to be 41 lakhs more than the revised estimate for 1927-28. A portion of this is represented by annual increments, etc., but, although the increase is less than half a crore, a perusal of the proceedings of the Standing Finance Committee and of the Demands for Grants will show that we have not been niggardly in providing increased amounts for beneficial services. I would draw the attention of the House to the larger grant to the Indian Research Fund Association, to the new items of expenditure in the demand for Agriculture and to the scholarships to Indian artists for study and training in Europe. On the commercial, but none the less beneficial, side of our activities, the Council will observe with interest the new or increased provision made for certain items of expenditure, particularly those relating to irrigation in Waziristan and Baluchistan, forests in the Andamans, the Trade Mission, and the extension of the rupee tender policy. We have also a number of new items relating to the development of Civil Aviation in pursuance of the policy accepted by the Legislature a year ago. The expenditure on the five-year education programme, to which my predecessor referred in his budget speech last year, is of course continuing, but we have not been in a position this time to provide for any similar new programme within the limited means now at our disposal.

The Indian Posts and Telegraphs department, which was expected to work a year ago at a small loss of 76,000 rupees is now expected to show in 1927-28 a net loss of about 4½ lakhs. There has been a considerable increase in the gross receipts of the department, but this has been rather more than counterbalanced by an increase in working expenses. The increased loss has been brought about mainly by the fact that an additional sum of 8 lakhs has had to be provided to enable the book value of a large volume of surplus, obsolete and overvalued stores to be written down to their current worth. The department is, however, expected to show a small profit of 23,000 rupees next year after making a provision of over 14 lakhs for additional expenditure on new measures of improvement of the conditions of service of the lower-paid staff. This provision represents yet another instalment of the scheme of improvement of the conditions of service of the establishments in question, which has been under the personal investigation of the Honourable Sir Bhupendranath Mitra.

I have now dealt with the main variations between the revised estimates of the current year and the budget estimates of next year. The net result of all the variations, large and small, is to place next year's revenue at 1,32·23 crores including 2,58 lakhs on account of the unremitted contributions, but not including any assistance from the revenue reserve fund ; and the expenditure is placed at 1,29·60 crores. In other words, we anticipate a surplus of 2,63 lakhs. But even if we reckon with certainty on this surplus being realised, there is an adverse factor which we have had to weigh very carefully before deciding to what purpose the surplus should be applied. I refer to the liability which has accumulated in respect of the bonus on Cash Certificates. Honourable Members know well the history of these certificates, the introduction of which was intended to afford an easy and attractive means of investment of small savings and so to extend the practice of thrift. Cash Certificates of the nominal value of no less than 40 crores will be outstanding on 31st

March 1928. Unlike our regular annual rupee loans, they are always "on tap"; and they can be encashed at any time though they come to full maturity only after 5 years. Their capital value is not subject to depreciation, and the actual amount payable on encashment is on a progressive scale so fixed that the investor gets a growing return for his money after the first twelve months; consequently, the longer he keeps his certificates, the greater is the inducement to keep them till maturity. But this accrued bonus is paid along with the capital value only at the time of encashment, whenever that may be, and not half-yearly as in the case of our ordinary loans. All these circumstances combine to make it impossible to forecast precisely the amount of bonus that may have to be paid in any year, while there is the additional practical difficulty that the actual payments in a year are generally less than the accrued liability, and the accrued liability is constantly growing in amount. In the case of the ordinary debt, we can know exactly what we have to pay and provide for such payments from revenue accordingly. In the case of Cash Certificates, on the other hand, we have so far been providing out of revenue only for actual payments in the year and not for the accrued liability. It is estimated that this accrued but undischarged liability for bonus was about $3\frac{3}{4}$ crores on the 1st October 1927 and will stand at about $5\frac{1}{2}$ crores on the 1st October 1928. Following past practice which is of course fully defensible in view of the fact that, in the main, our budget is a cash budget and having regard to our revenue position generally, we have not been able to include, in the forecast for next year, anything more than the amount of the present estimate of actual payments of bonus, namely, 50 lakhs. This figure is 25 lakhs more than is required in 1927-28, but there remains a large balance which we may, theoretically, be called upon to pay at any moment and for which we have made no provision; and before very long we shall have to consider setting aside considerable sums from revenue in a separate fund in order to enable us to meet the full liability when we are called upon to do so. The liability is becoming too large for us to be content to leave the full burden to fall on later years, when a sudden increase may seriously disturb the equilibrium of the budget.

The Government of India have, however, in the end come to the conclusion that this liability need not deter them from utilising the surplus disclosed in the budget as a recurrent surplus. In 1929-30, the special item of 81 lakhs for premium on bonds referred to earlier in my speech will have disappeared and substantial savings may be expected to accrue in future, as they have done in the past, under interest on deadweight debt. In 1929-30 also, we stand to gain considerably from the increased net earnings of our Railways in 1927-28. The advent of a bad monsoon or other unforeseen circumstances would no doubt disturb the position, but, on the other hand, we are entitled to assume that with normal conditions our revenue from Taxes on Income should show some improvement from year to year. The same is true of our Customs revenue. Accordingly, balancing all these considerations, the Government of India feel that they may justifiably complete the policy to which they have already set their hands by remitting finally the remainder of the provincial contributions. This is the chief proposal which the Legislature will be asked to endorse in their consideration of the budget for 1928-29.

Out of the budget surplus of 2,63 lakhs we desire to give 2,58 lakhs to the Provinces and to retain for ourselves the small residue of 5 lakhs.

Conclusion.

That, Sir, is the end of my narrative. There is nothing sensational in the Budget for 1928-29. It does not involve any new taxation or propound any further reduction of existing taxation. It may, taken by itself, be described as

a commonplace Budget. But even if we did not proceed further than this in our analysis, we should still, I submit, have cause for congratulation. For a budget such as that which has been presented to-day may fairly be taken to reflect stability, and stability in the financial sphere is no small advantage. On the other hand, I think the Council will agree that for a proper appreciation of the matter, next year's Budget must be related to the cycle of six Budgets framed by the Honourable Sir Basil Blackett and should be viewed as the final phase—final so far as he is concerned—of an ordered financial policy which has brought great benefits to India. The results of this cycle are retrenchment of avoidable public expenditure, reduced taxation, a reduction in the burden of deadweight debt, financial encouragement to industrial enterprise in India, stabilisation of exchange, the emancipation of railway finance one product of which we have seen this month in the shape of reduced railway fares and railway freights, and, lastly, remission of the provincial contributions giving through the agency of the Provincial Governments increased scope for expenditure on nation-building services. I do not pretend that our present financial state is wholly satisfactory or that Government have been able to achieve all that they have wished for. But I think we may justifiably permit ourselves on this occasion the pleasure of looking to the brighter side of the picture and of basing upon the accomplishment of the past five years hopes of even greater national prosperity in the future.

Schedule of demands for grants for expenditure of the Central Government (excluding Railways) for the year 1928-29 submitted for the vote of the Legislative Assembly.

Number of demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.
	A.—Expenditure charged to Revenue.		Rs.
† 16	Customs	Customs	72,74,000
17	Taxes on Income	Taxes on Income	65,84,000
18	Salt	Salt	79,82,000
19	Opium	Opium	79,73,000
20	Stamps	Stamps	15,000
21	Forest	Forest	7,63,000
22	Irrigation (including Working Expenses), Navigation, Embankment and Drainage Works.	Works for which capital accounts are kept, Miscellaneous Irrigation Expenditure, Construction of Irrigation, etc., Works.	16,61,000
23	Indian Posts and Telegraphs Department (including Working Expenses).	Posts and Telegraphs	10,88,14,000
24	Indo-European Telegraph Department (including Working Expenses).	Posts and Telegraphs	26,45,000
25	Interest on Debt and Reduction or Avoidance of Debt.	Interest on ordinary Debt	1,05,87,000
26	Interest on Miscellaneous Obligations	Interest on other Obligations	37,85,000
27	Staff, Household and allowances of the Governor General.	General Administration	4,81,000
28	Executive Council	"	81,000
29	Legislative Bodies	"	4,87,000
30	Foreign and Political Department	"	8,62,000
31	Home Department	"	6,45,000
32	Public Service Commission	"	1,17,000
33	Legislative Department	"	5,70,000
34	Department of Education, Health and Lands.	"	5,97,000
35	Finance Department	"	10,86,000
36	Separation of Accounts from Audit	"	14,12,000
37	Commerce Department	"	2,91,000
38	Army Department	"	5,71,000
39	Department of Industries and Labour	"	4,76,000
40	Central Board of Revenue	"	1,93,000
41	Payments to Provincial Governments on account of Administration of Agency subjects.	"	1,28,000
42	Audit	Audit	85,30,000
43	Administration of Justice	Administration of Justice	55,000
44	Police	Police	1,77,000
45	Ports and Pilotage	Ports and Pilotage	20,70,000
46	Survey of India	Scientific Departments	31,84,000
47	Meteorology	" "	13,51,000
48	Geological Survey	" "	2,12,000
49	Botanical Survey	" "	4,51,000
50	Zoological Survey	" "	1,76,000
51	Archæology	" "	16,64,000
52	Mines	" "	1,71,000
53	Other Scientific Departments	" "	3,30,000
54	Education	Education	3,24,000
55	Medical Services	Medical	8,08,000
56	Public Health	Public Health	11,92,000
57	Agriculture	Agriculture	15,28,000
58	Civil Veterinary Services	"	6,66,000
59	Industries	Industries	2,68,000
60	Aviation	Aviation	5,68,000
		Carried over	18,97,49,000

† Demands Nos. 1—15 relate to expenditure on Railways.

Schedule of demands or grants for expenditure of the Central Government (excluding Railways) for the year 1928-29 submitted for the vote of the Legislative Assembly—*concld.*

Number of demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.
			Rs.
	Brought forward .		18,97,49,000
	A.—Expenditure charged to Revenue—*contd.*		
61	Commercial Intelligence and Statistics .	Miscellaneous Departments .	3,09,000
62	Emigration—Internal	,, ,, .	36,000
63	,, External	,, ,, .	1,66,000
64	Joint-Stock Companies	,, ,, .	1,46,000
65	Miscellaneous Departments . . .	,, ,, .	2,24,000
66	Indian Stores Department . . .	,, ,, .	17,34,000
67	Currency	Currency	45,86,000
68	Mint	Mint	19,65,000
69	Civil Works	Civil Works . . .	1,63,64,000
70	Superannuation Allowances and Pensions	Superannuation Allowances and Pensions.	37,59,000
71	Stationery and Printing . . .	Stationery and Printing .	54,78,000
72	Miscellaneous	Miscellaneous . . .	16,43,000
73	Refunds		65,51,000
74	North-West Frontier Province .		98,71,000
75	Baluchistan		27,91,000
76	Delhi		40,16,000
77	Ajmer-Merwara		14,54,000
78	Andamans and Nicobar Islands .	Distributed over respective heads of account.	42,92,000
79	Rajputana		5,50,000
80	Central India		5,90,000
81	Hyderabad		2,92,000
82	Expenditure in England—Secretary of State for India .		13,45,000
83	Expenditure in England—High Commissioner for India . . .		37,80,000
Non-voted.	Ecclesiastical, Political, etc. . . .		...
	TOTAL .		26,16,90,000
	B.—Expenditure charged to Capital.		
84	Capital outlay on Security Printing .	Capital outlay on Security Printing	67,000
85	Forest Capital outlay	Capital outlay on Forests .	1,000
86	Irrigation	Construction of Irrigation Works.	1,74,000
87	Indian Posts and Telegraphs . . .	Capital outlay on Posts and Telegraphs.	69,87,000
88	Indo-European Telegraphs . . .		1,000
89	Capital outlay on Currency Note Printing Press	Currency Capital outlay not charged to Revenue.	10,000
90	Capital outlay on Vizagapatam Harbour	Capital outlay on Vizagapatam Port.	47,53,000
91	Commuted value of Pensions . . .	Payment of Commuted Value of Pensions.	21,34,000
92	New Capital at Delhi . . .	Initial Expenditure on New Capital at Delhi.	1,38,39,000
Non-voted.	Capital outlay on Bombay Land Scheme .	Capital outlay on Bombay Land Scheme.	...
	TOTAL .		2,79,66,000
	C.—Disbursements of Loans and Advances.		
93	Interest-free advances		93,95,000
94	Loans and advances bearing interest .		9,00,43,000
	TOTAL .		9,94,38,000
	GRAND TOTAL .		38,90,94,000

Declaration by the Governor General in Council under Section 67-A(7) of the Government of India Act regarding certain demands refused by the Assembly.

In pursuance of Section 67-A(7) of the Government of India Act, the Governor General in Council is pleased to declare that the following demands which have been refused by the Legislative Assembly are essential to the discharge of his responsibilities :—

Demand.	Amount.
	Rs.
28.—Executive Council	80,999
38.—Army Department	5,70,999
72.—Miscellaneous	3,40,000
82.—Expenditure in England—Secretary of State for India	13,44,999

E. BURDON,

Secretary to the Government of India.

The 16th March 1928.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

Delhi, the 31st March 1928.

The following Act of the Indian Legislature received the assent of the Governor General on the 27th March, 1928, and is hereby promulgated for general information :—

ACT No. V OF 1928.

An Act to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to fix maximum rates of postage under the Indian Post Office Act, 1898, further to amend the Indian Paper Currency Act, 1923, and to fix rates of income-tax; It is hereby enacted as follows :—

VI of 1898.
X of 1923.

Short title, extent and duration.

1. (*1*) This Act may be called the Indian Finance Act, 1928.

(*2*) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(*3*) Sections 2 and 3 shall remain in force only up to the 31st day of March, 1929.

XII of 1882.

Fixation of salt duty.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, with effect from the 1st day of April, 1928, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in,

or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

Postal rates.

3. With effect from the 1st day of April, 1928, the schedule contained in the First Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act. VI of 1898.

Amendment of Act X of 1923.

4. In sub-section (7) of section 19 of the Indian Paper Currency Act, 1923, for the figures "1928" the figures "1929" shall be substituted. X of 1923.

Income-tax and super-tax.

5. *(1)* Income-tax for the year beginning on the 1st day of April, 1928, shall be charged at the rates specified in Part I of the Second Schedule.

(2) The rates of super-tax for the year beginning on the 1st day of April, 1928, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Second Schedule. XI of 1922.

(3) For the purposes of the Second Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922. XI of 1922.

SCHEDULE I.

Schedule to be inserted in the Indian Post Office Act, 1898.

[*See section 3.*]

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[*See section 7.*]

Letters.

For a weight not exceeding two and a half tolas	One anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas	One anna.

Postcards.

Single	Half an anna.
Reply	One anna.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof	Half an anna.

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."

SCHEDULE II.

[*See section 5.*]

PART I.

Rates of Income-tax.

	Rate.
A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(1) When the total income is less than Rs. 2,000	*Nil.*
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 20,000.	Nine pies in the rupee.
(5) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna in the rupee.
(6) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and three pies in the rupee.
(7) When the total income is Rs. 40,000 or upwards	One anna and six pies in the rupee.
B. In the case of every company and registered firm, whatever its total income.	One anna and six pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income:—

	Rate.
(1) in the case of every company	One anna in the rupee.
(2) (*a*) in the case of every Hindu undivided family—	
(*i*) in respect of the first twenty-five thousand rupees of the excess	*Nil.*
(*ii*) for every rupee of the next twenty-five thousand rupees of such excess.	One anna in the rupee.
(*b*) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company, for every rupee of the first fifty thousand rupees of such excess.	One anna in the rupee.
(*c*) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(*i*) for every rupee of the second fifty thousand rupees of such excess.	One and a half annas in the rupee.
(*ii*) for every rupee of the next fifty thousand rupees of such excess	Two annas in the rupee.
(*iii*) for every rupee of the next fifty thousand rupees of such excess	Two and a half annas in the rupee.
(*iv*) for every rupee of the next fifty thousand rupees of such excess	Three annas in the rupee.
(*v*) for every rupee of the next fifty thousand rupees of such excess	Three and a half annas in the rupee.
(*vi*) for every rupee of the next fifty thousand rupees of such excess	Four annas in the rupee.
(*vii*) for every rupee of the next fifty thousand rupees of such excess	Four and a half annas in the rupee.
(*viii*) for every rupee of the next fifty thousand rupees of such excess	Five annas in the rupee.
(*ix*) for every rupee of the next fifty thousand rupees of such excess	Five and a half annas in the rupee.
(*x*) for every rupee of the remainder of the excess . . .	Six annas in the rupee.

L. GRAHAM,
Secy. to the Govt. of India.

No. 3974-F.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

New Delhi, the 31st March 1928.

RESOLUTION.

The statements relating to the Revised estimates for 1927-28 and the Budget estimates for 1928-29, which were presented to the Legislative Assembly and the Council of State on the 20th and the 29th February 1928, have been reconsidered with reference to the reductions made by the Legislative Assembly in the demands for grants and the action taken by the Governor General in Council in respect thereto. As explained below, the statements need no alteration on the whole but are now published as usual for general information.

2. The following reductions were made by the Legislative Assembly in the demands presented to them :—

Demand.	Amount. Rs.
16.—Customs	1
28.—Executive Council	80,999*
38.—Army Department	5,70,999*
40.—Central Board of Revenue	10
72.—Miscellaneous	3,40,000*
Ditto	100
Ditto	100
74.—North-West Frontier Province	100
Ditto ditto	100
82.—Expenditure in England—Secretary of State for India	13,44,999*

Of these, the Governor General in Council has, under Section 67-A(7) of the Government of India Act, decided that the four amounts marked with an asterisk are essential to the discharge of his responsibilies.

The remaining alterations result in a reduction of the expenditure in 1928-29 by Rs. 411, but as the estimates are in round thousands of Rupees, they remain unaffected by these alterations.

E. BURDON,

Secretary to the Government of India.

BUDGET

of the

Governor-General in Council,

March 1928.

FINANCE DEPARTMENT,
New Delhi, the 31st March 1928.

E. BURDON,
Secretary to the Govt. of India.

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I.—General Statement of the Revenue and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1926-27.	Budget Estimate, 1927-28.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	47,38,10,721	48,73,37,000	48,63,50,000	50,18,37,000
Taxes on Income	,,	15,64,96,338	16,95,05,000	15,64,62,000	16,99,58,000
Salt	,,	6,69,81,053	7,00,00,000	6,75,42,000	7,00,08,000
Opium	,,	4,33,13,748	3,83,08,000	3,80,22,000	3,47,77,000
Other Heads	,,	2,17,50,148	2,27,06,000	2,27,64,000	2,20,10,000
TOTAL PRINCIPAL HEADS		76,23,52,008	78,78,56,000	77,11,40,000	79,85,90,000
Railways: Net Receipts (as per Railway Budget)		34,07,08,387	34,97,13,000	38,95,20,000	38,50,00,000
Irrigation: Net Receipts	A	10,25,576	10,36,000	10,47,000	12,36,000
Posts and Telegraphs: Net Receipts	,,	70,64,577	58,07,000	51,76,000	57,37,000
Interest Receipts	,,	4,08,59,285	3,16,13,000	3,30,50,000	2,91,97,000
Civil Administration	,,	86,05,079	84,21,000	95,34,000	1,01,32,000
Currency and Mint	,,	4,15,51,227	2,48,70,000	2,72,97,000	2,48,81,000
Civil Works	,,	15,78,791	17,45,000	15,63,000	14,41,000
Miscellaneous	,,	60,01,096	46,90,000	46,49,000	81,82,000
Military Receipts	,,	4,94,68,064	1,80,49,000	1,48,84,000	2,94,12,000
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments	,,	5,17,75,451	...	10,59,000	...
Extraordinary Items	,,	60,10,258	1,87,65,000	1,84,79,000	26,67,000
TOTAL REVENUE		1,31,69,99,799	1,25,25,65,000	1,27,73,98,000	1,29,64,75,000
DEFICIT		...	...	...	...
TOTAL		1,31,69,99,799	1,25,25,65,000	1,27,73,98,000	1,29,64,75,000

Revenue of the Central Government, in India and in England.

	For details, *vide* Statement.	Accounts, 1926-27.	Budget Estimate, 1927-28.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
Expenditure –		Rs.	Rs.	Rs.	Rs.
Direct Demands on the Revenues	B	4,12,95,160	4,30,30,000	4,12,95,000	4,24,84,000
Salt and other Capital outlay charged to Revenue	,,	7,18,385	18,79,000	16,57,000	6,41,000
Railways : Interest and Miscellaneous Charges (as per Railway Budget)		28,05,95,177	29,49,05,000	32,59,62,000	33,02,00,000
Irrigation	,,	15,50,436	18,70,000	92,000	23,10,000
Posts and Telegraphs	,,	75,82,192	84,61,000	81,67,000	81,66,000
Debt Services	,,	16,74,49,672	15,74,34,000	15,57,83,000	14,90,61,000
Civil Administration	,,	11,13,43,847	11,31,39,000	11,28,16,000	11,69,45,000
Currency and Mint	,,	76,37,072	74,85,000	91,49,000	69,63,000
Civil Works	,,	1,89,74,160	1,66,98,000	1,62,55,000	1,73,31,000
Miscellaneous	,,	3,96,15,605	3,97,15,000	3,91,74,000	4,10,06,000
Military Services	,,	60,91,63,889	56,72,49,000	56,40,84,000	58,04,12,000
Miscellaneous adjustments between the Central and Provincial Governments	,,	4,52,696	...	3,47,000	...
Extraordinary Items	,,	2,99,21,308	7,00,000	19,87,000	4,50,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,31,69,99,799	1,25,25,65,000	1,27,73,98,000	1,29,59,69,000
SURPLUS		...	...	...	5,06,000
TOTAL		1,31,69,99,799	1,25,25,65,000	1,27,73,98,000	1,29,64,75,000

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts.			
		Accounts, 1926-27.	Budget Estimate, 1927-28.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
		Rs.	Rs.	Rs.	Rs.
Surplus	C	...	...	...	5,06,000
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)		59,275	2,58,92,000	...	2,03,80,000
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	3,31,65,705	7,22,41,000	4,45,25,000	12,86,09,000
Unfunded Debt (net incurred)	,,	12,72,14,115	11,63,39,000	11,60,52,000	11,74,84,000
Deposits and Advances (net)	,,	19,40,79,240	3,14,87,000	9,98,79,000	7,08,43,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	,,	4,32,46,602	4,11,58,000	5,42,26,000	6,45,30,000
TOTAL DEBT, DEPOSITS AND ADVANCES.		39,77,05,662	26,12,25,000	31,46,82,000	38,14,66,000
Remittances (net)	,,	1,21,88,516	...	6,45,000	26,53,000
TOTAL RECEIPTS	...	40,99,53,453	28,71,17,000	31,53,27,000	40,50,05,000
Opening Balance { India	...	25,14,83,041	24,73,44,041	27,87,75,069	12,73,48,069
Opening Balance { England	...	15,04,63,055	5,24,32,055	4,31,13,307	8,07,11,307
TOTAL	...	81,19,04,549	58,68,93,096	63,72,15,376	61,30,64,376

Central Government, in India and in England.

	For details, *vide* Statement.	Disbursements. Accounts, 1926-27.	Budget Estimate, 1927-28.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
		Rs.	Rs.	Rs.	Rs.
Deficit	C	...	...	...	...
Railway, Irrigation, Posts and Telegraphs and other Capital not charged to Revenue—					
Capital outlay on Security Printing Press	"	16,49,855	12,000	—9,79,000	67,000
Construction of State Railways (as per Railway Budget)	"	27,22,78,539	25,00,00,000	30,00,00,000	24,00,00,000
Discharge of Debentures (as per Railway Budget)	"	2,63,73,425	3,31,86,000	66,90,000	2,03,80,000
Redemption of liabilities involved in the purchase of Railways (as per Railway Budget)	"	...	...	...	4,00,00,000
Construction of Irrigation Works	"	—70,633	16,000	16,93,000	1,74,000
Capital outlay on Posts and Telegraphs	"	32,52,130	58,02,000	57,56,000	68,02,000
Capital outlay on Vizagapatam Port	"	31,86,465	39,43,000	37,61,000	47,53,000
Currency Capital outlay	"	8,66,401	19,23,000	18,08,000	17,000
Initial expenditure on New Capital at Delhi	"	61,63,117	70,00,000	54,00,000	78,68,000
Payment of commuted value of pensions	"	28,85,222	33,35,000	35,52,000	34,85,000
Capital outlay on Bombay Land Scheme	"	...	...	20,74,000	2,05,22,000
Total Capital Account Disbursements		31,65,91,522	30,52,17,000	32,97,55,000	34,40,68,000
Debt, Deposits and Advances—					
Floating Debt (net discharged)	"	8,18,00,000	...	53,20,000	...
Total Debt, Deposits and Advances		8,18,00,000	...	53,20,000	...
Loans and Advances by Central Government (net Advances)	"	5,88,76,626	3,03,02,000	7,58,04,000	8,16,92,000
Remittances (net)	"	...	14,95,000	...	...
Balances of Provincial Governments (net)	"	4,35,26,354	5,18,92,000	1,82,77,000	13,05,000
Total Disbursements	...	50,07,94,502	38,89,06,000	42,91,56,000	42,70,65,000
Closing Balance India	...	27,87,75,069	14,79,00,041	12,73,48,069	11,98,78,069
Closing Balance England	...	3,23,34,978	5,00,87,055	8,07,11,307	8,61,21,307
	...	81,19,04,549	58,68,93,096	63,72,15,376	61,30,64,376

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1926-27.				Revised Estimate.		Item No.
	India.	*England.	Exchange.	Total.	India.	†England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	47,38,10,721	...	...	47,38,10,721	48,63,50,000	...	1
II.—Taxes on Income	15,72,30,510	—5,47,360	—1,86,812	15,64,96,338	15,65,02,000	—40,000	2
III.—Salt	6,69,81,053	...	...	6,69,81,053	6,75,42,000	...	3
IV.—Opium	4,33,13,748	...	...	4,33,13,748	3,80,22,000	...	4
V.—Land Revenue	41,00,434	...	...	41,00,434	42,06,000	...	5
VI.—Excise	41,13,217	...	...	41,13,217	47,45,000	...	6
VII.—Stamps	26,68,723	...	...	26,68,723	27,59,000	...	7
VIII.—Forest	23,57,879	...	...	23,57,879	24,05,000	...	8
IX.—Registration	1,57,372	...	...	1,57,372	1,61,000	...	9
X.—Tributes from Indian States	83,52,523	...	...	83,52,523	84,88,000	...	10
Total	76,30,86,180	—5,47,360	—1,86,812	76,23,52,008	77,11,80,000	—40,000	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	22,28,289	...	...	22,28,289	20,82,000	...	12
Deduct—Working Expenses	*12,06,672*	...	...	*12,06,672*	*10,38,000*	...	13
Net Receipts	10,21,617	...	...	10,21,617	10,44,000	...	14
XIV.—Works for which no Capital Accounts are kept	3,959	...	...	3,959	3,000	...	15
Total	10,25,576	...	...	10,25,576	10,47,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Posts and Telegraphs Department—Gross Receipts	10,53,03,984	...	...	10,53,03,984	10,94,34,000	...	17
Deduct—Working Expenses	*9,83,39,230*	*5,45,079*	*1,85,724*	*9,90,70,033*	*10,37,20,000*	*7,01,000*	18
Net Receipts	69,64,754	—5,45,079	—1,85,724	62,33,951	57,14,000	—7,01,000	19
Indo-European Telegraph Department—Gross Receipts	17,71,715	15,84,349	5,40,013	38,96,077	19,50,000	15,60,000	20
Deduct—Working Expenses	*29,34,507*	*97,738*	*83,206*	*30,65,451*	*31,76,000*	*1,73,000*	21
Net Receipts	—11,62,792	14,86,611	5,06,807	8,30,626	—12,26,000	13,87,000	22
Total	58,01,962	9,41,532	3,21,083	70,64,577	44,88,000	6,86,000	23
Debt Services—							
XVI.—Interest	89,56,427	2,37,89,443	81,13,415	4,08,59,285	70,14,000	2,59,45,000	24
Carried over	77,88,70,145	2,41,83,615	82,47,686	81,13,01,446	78,37,29,000	2,65,91,000	25

* Sterling converted into Rupees at £1=Rs. 10.

Government, in India and in England.

Item No.	1927-28. Exchange.	1927-28. Total.	Increase (+) Decrease (—) as compared with Budget, 1927-28.	Budget Estimate, 1928-29. India.	† England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1927-28.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	48,63,50,000	—9,27,000	50,18,37,000	...	...	50,18,37,000	+1,54,87,000
2	...	15,64,62,000	—1,30,43,000	16,99,85,000	—27,000	...	16,99,58,000	+1,34,96,000
3	...	6,75,42,000	—24,58,000	7,00,08,000	...	...	7,00,08,000	+24,66,000
4	...	3,80,22,000	—2,86,000	3,47,77,000	...	...	3,47,77,000	—32,45,000
5	...	42,06,000	+9,000	40,71,000	...	...	40,71,000	—1,35,000
6	...	47,45,000	+2,56,000	45,63,000	...	...	45,63,000	—1,82,000
7	...	27,59,000	+1,12,000	28,52,000	...	...	28,52,000	+93,000
8	...	24,05,000	—3,16,000	29,87,000	...	...	29,87,000	+5,82,000
9	...	1,61,000	—5,000	1,62,000	...	...	1,62,000	+1,000
10	...	84,88,000	+2,000	73,75,000	...	...	73,75,000	—11,13,000
11	...	77,11,40,000	—1,67,16,000	79,86,17,000	—27,000	...	79,85,90,000	+2,74,50,000
12	...	20,82,000	—1,000	21,21,000	...	...	21,21,000	+39,000
13	...	10,38,000	+15,000	8,89,000	...	...	8,89,000	+1,49,000
14	...	10,44,000	+14,000	12,32,000	...	...	12,32,000	+1,88,000
15	...	3,000	—3,000	4,000	...	...	4,000	+1,000
16	...	10,47,000	+11,000	12,36,000	...	...	12,36,000	+1,89,000
17	...	10,94,34,000	+14,51,000	11,38,86,000	...	...	11,38,86,000	+44,52,000
18	3,000	10,44,24,000	—20,16,000	10,72,25,000	6,97,000	...	10,79,22,000	—34,98,000
19	—3,000	59,19,000	—5,65,000	66,61,000	—6,97,000	...	59,64,000	+9,54,000
20	5,000	35,15,000	—1,47,000	19,24,000	12,27,000	...	31,51,000	—3,64,000
21	...	33,49,000	+81,000	32,21,000	1,57,000	...	33,78,000	—29,000
22	5,000	1,66,000	—66,000	—12,07,000	10,70,000	...	—2,27,000	—3,93,000
23	2,000	51,76,000	—6,31,000	53,64,000	3,73,000	...	57,37,000	+5,61,000
24	91,000	3,30,50,000	+14,37,000	59,95,000	2,32,02,000	...	2,91,97,000	—38,53,000
25	93,000	81,04,13,000	—1,58,99,000	81,12,12,000	2,35,48,000	...	83,47,60,000	+2,43,47,000

† Sterling converted into Rupees at £1=Rs. 13⅓.

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1926-27.				Revised Estimate,		Item No.
	India.	*England.	Exchange.	Total.	India.	†England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	77,88,70,145	2,41,83,615	82,47,686	81,13,01,446	78,37,29,000	2,65,91,000	
Civil Administration—							
XVII.—Administration of Justice	3,61,518	...	...	3,61,518	3,79,000	...	1
XVIII.—Jails and Convict Settlements	3,46,195	...	...	3,46,195	3,44,000	...	2
XIX.—Police	—83,197	...	...	—83,197	1,62,000	...	3
XX.—Ports and Pilotage	25,73,142	...	...	25,73,142	26,49,000	...	4
XXI.—Education	1,73,703	...	...	1,73,703	2,12,000	...	5
XXII.—Medical	3,83,973	...	...	3,83,973	4,06,000	...	6
XXIII—Public Health	1,97,103	...	...	1,97,103	3,61,000	...	7
XXIV.—Agriculture	18,08,964	...	...	18,08,964	18,93,000	...	8
XXV.—Industries	8,205	...	...	8,205	15,000	...	9
XXVI.—Miscellaneous Departments	14,76,556	...	...	14,76,556	15,85,000	...	10
XXVI-A.—Indian Stores Department	13,58,917	...	...	13,58,917	15,28,000	...	11
Total	86,05,907	...	...	86,05,079	95,34,000	...	12
Currency and Mint—							
XXVII.—Currency	3,03,89,139	76,73,608	26,16,757	4,06,79,504	2,35,77,000	10,14,000	13
XXVIII.—Mint	8,25,250	34,791	11,682	8,71,723	27,02,000	1,000	14
Total	3,12,14,389	77,08,399	26,28,439	4,15,51,227	2,62,79,000	10,15,000	15
Civil Works—							
XXX.—Civil Works	15,78,791	...	...	15,78,791	15,63,000	...	16
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	17,78,182	3,23,740	1,10,161	22,12,083	15,22,000	2,93,000	17
XXXIV.—Stationery and Printing	19,61,455	9,769	3,338	19,74,562	12,51,000	15,000	18
XXXV.—Miscellaneous	12,15,407	4,48,665	1,50,379	18,14,451	12,54,000	1,79,000	19
Total	49,55,044	7,82,174	2,63,878	60,01,096	40,57,000	5,93,000	20
Military Receipts—							
XXXVI.—Army—							
Effective	3,01,84,053	25,79,297	8,82,406	3,36,45,756	35,06,000	25,08,000	21
Non-effective	15,91,801	11,18,415	3,50,725	30,90,941	14,77,000	21,12,000	22
	3,17,75,854	36,97,712	12,63,131	3,67,36,697	49,83,000	46,20,000	23
XXXVII.—Marine	15,81,888	...	...	15,81,888	17,45,000	...	24
XXXVIII.—Military Engineer Services	1,11,49,479	...	...	1,11,49,479	35,20,000	...	25
Total	4,45,07,221	36,97,712	12,63,131	4,94,68,064	1,02,48,000	46,20,000	26
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—							
XXXIX.—Contributions to the Central Government by Provincial Governments	5,17,12,000	...	...	5,17,12,000	...	...	27
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	63,451	...	...	63,451	10,59,000	...	28
Total	5,17,75,451	...	...	5,17,75,451	10,59,000	...	29
Extraordinary items—							
XL.—Extraordinary Receipts	15,37,671	33,47,293	11,25,294	60,10,258	...	16,00,000	30
XL-A.—Transfers from Revenue Reserve Fund	...	...	...	...	1,68,73,000	...	31
Total	15,37,671	33,47,293	11,25,294	60,10,258	1,68,73,000	16,00,000	32
Railway Revenues as per Railway Budget	34,27,42,712	—15,24,390	—5,09,935	34,07,08,387	39,09,17,000	—13,92,000	33
TOTAL REVENUE	1,26,57,86,503	3,81,94,803	1,30,18,493	1,31,69,99,799	1,24,42,59,000	3,30,24,000	34

*Sterling converted into Rupees at £1 =Rs. 10.

Government, in India and in England—*contd.*

Item No.	1927-28. Exchange.	1927-28. Total.	Increase (+) Decrease (−) as compared with Budget, 1927-28.	Budget Estimate, 1928-29. India.	† England.	Exchange.	Total.	Increase (+) Decrease (−) as compared with Revised, 1927-28.
	Rs. 93,000	Rs. 81,04,13,000	Rs. −1,58,99,000	Rs. 81,12,12,000	Rs. 2,35,45,000	Rs. ...	Rs. 83,47,60,000	Rs. +2,43,47,000
1	...	3,79,000	+14,000	3,62,000	...	...	3,62,000	−17,000
2	...	3,44,000	+11,000	3,90,000	...	...	3,90,000	+46,000
3	...	1,62,000	+35,000	3,78,000	...	...	3,78,000	+2,16,000
4	...	26,49,000	+1,29,000	26,40,000	...	...	26,40,000	−9,000
5	...	2,12,000	+50,000	1,80,000	...	...	1,80,000	−32,000
6	...	4,06,000	+46,000	4,64,000	...	...	4,64,000	+58,000
7	...	3,61,000	+1,77,000	3,96,000	...	...	3,96,000	+35,000
8	...	18,93,000	+1,70,000	20,66,000	...	...	20,66,000	+1,73,000
9	...	15,000	+5,000	37,000	...	...	37,000	+22,000
10	...	15,85,000	+2,86,000	16,02,000	...	...	16,02,000	+17,000
11	...	15,28,000	+1,85,000	16,17,000	...	...	16,17,000	+89,000
12	...	95,34,000	+11,13,000	1,01,32,000	...	...	1,01,32,000	+5,98,000
13	3,000	2,45,94,000	+17,08,000	2,08,53,000	13,33,000	...	2,21,86,000	−24,08,000
14	...	27,03,000	+7,19,000	26,95,000	...	...	26,95,000	−8,000
15	3,000	2,72,97,000	+24,27,000	2,35,48,000	13,33,000	...	2,48,81,000	−24,16,000
16	...	15,63,000	−1,82,000	14,41,000	...	...	14,41,000	−1,22,000
17	2,000	19,22,000	+50,000	15,68,000	3,80,000	...	19,48,000	+26,000
18	...	12,64,000	−3,58,000	36,47,000	13,000	...	36,60,000	+23,96,000
19	...	14,63,000	+2,67,000	16,36,000	2,38,000	...	25,74,000	+11,11,000
20	2,000	46,49,000	−41,000	68,51,000	13,31,000	...	81,82,000	+35,33,000
21	9,000	60,23,000	−23,62,000	1,42,36,000	25,12,000	...	1,67,48,000	+1,07,25,000
22	7,000	35,96,000	+9,25,000	12,29,000	21,20,000	...	33,49,000	−2,47,000
23	16,000	96,19,000	−14,37,000	1,54,65,000	46,32,000	...	2,00,97,000	+1,04,78,000
24	...	17,45,000	+4,85,000	16,76,000	...	...	16,76,000	−69,000
25	...	35,20,000	−22,13,000	76,39,000	...	...	76,39,000	+41,19,000
26	16,000	1,48,84,000	−31,65,000	2,47,80,000	46,32,000	...	2,94,12,000	+1,45,28,000
27	...	...	...	...	...	...	...	...
28	...	10,59,000	+10,59,000	...	...	...	...	−10,59,000
29	...	10,59,000	+10,59,000	...	...	...	...	−10,59,000
30	6,000	16,96,000	+6,000	...	26,67,000	...	26,67,000	+10,61,000
31	...	1,68,73,000	−2,92,000	...	...	...	...	−1,68,73,000
32	6,000	1,84,79,000	−2,86,000	...	26,67,000	...	26,67,000	−1,58,12,000
33	−5,000	38,95,20,000	+3,98,07,000	38,65,05,000	−15,05,000	...	38,50,00,000	−45,20,000
34	1,15,000	1,27,73,98,000	+2,48,33,000	1,26,44,69,000	3,20,06,000	...	1,29,64,75,000	+1,90,77,000

†Sterling converted into Rupees at £ 1=Rs. 13⅓.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	Accounts, 1926-27. India.	England.	Exchange.	Total.	Revised India.	Item No
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenues						
1.—Customs	79,72,352	1,15,554	39,318	81,27,224	83,53,000	1
2.—Taxes on income	60,67,156	80,925	27,540	61,75,621	65,79,000	2
3.—Salt	1,19,31,058	48,267	16,418	1,19,95,743	1,21,44,000	3
4.—Opium	99,82,571	46,027	15,687	1,00,44,285	88,32,000	4
5.—Land Revenue	12,45,588	3,215	1,095	12,49,898	11,58,000	5
6.—Excise	10,24,547	15,887	5,397	10,45,831	12,65,000	6
7.—Stamps	95,353	...	...	95,353	9,000	7
8.—Forest	30,04,221	1,70,456	58,132	32,32,809	28,95,000	8
9.—Registration	28,396	...	...	28,396	29,000	9
Total	4,13,51,242	4,80,331	1,63,587	4,19,95,160	4,12,64,000	10
Salt and other Capital outlay charged to Revenue						
3A.—Capital outlay on Salt Works	4,80,066	...	...	4,80,066	2,80,000	11
7A.—Capital outlay on Security Printing Press	2,38,319	...	...	2,38,319	6,97,000	12
8A.—Forest Capital outlay	...	...	...	...	7,10,000	13
Total	7,18,385	...	...	7,18,385	16,87,000	14
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	12,00,207	...	...	12,00,207	12,02,000	15
15.—Other Revenue Expenditure	2,42,366	57,175	19,400	3,18,941	3,73,000	16
Total	14,42,573	57,175	19,400	15,19,148	15,75,000	17
Irrigation, etc., Capital Account (charged to Revenue)—						
16.—Construction of Irrigation, etc., Works—						
Financed from Ordinary Revenues.	31,288	...	...	31,288	—15,63,000	18
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Posts and Telegraphs Department	52,08,989	...	...	52,08,989	54,68,000	19
Indo-European Telegraph Department	5,16,464	...	...	5,16,464	5,03,000	20
Total	57,25,453	...	...	57,25,453	59,71,000	21
Posts and Telegraphs Capital Account (charged to Revenue)—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Posts and Telegraphs Department	17,62,466	...	...	17,62,466	18,30,000	22
Indo-European Telegraph Department	86,632	5,707	1,934	94,273	3,61,000	23
Total	18,49,098	5,707	1,934	18,56,739	21,91,000	24
Debt Services—						
19.—Interest on Ordinary Debt	19,82,80,513	13,04,13,445	4,44,45,785	37,31,39,743	19,98,88,000	25
Deduct—Amount chargeable to—						
Railways	*14,35,60,572*	*7,41,66,459*	*2,52,52,947*	*24,29,79,978*	*15,70,75,000*	26
Irrigation	*12,00,207*	...	...	*12,00,207*	*12,02,000*	27
Posts and Telegraphs	*58,40,848*	...	...	*58,40,848*	*61,23,000*	28
Other heads	*9,33,133*	...	...	*9,33,133*	*16,61,000*	29
Provincial Loans Fund	*5,34,60,427*	...	...	*5,34,60,427*	*5,48,30,000*	30
Remainder chargeable to Ordinary Debt	—67,14,674	5,62,46,986	1,91,92,838	6,87,25,150	—2,10,53,000	31
20.—Interest on other Obligations	4,88,19,842	1,41,005	47,659	4,90,08,506	5,25,52,000	32
21.—Appropriation for Reduction or Avoidance of Debt	4,97,16,016	...	...	4,97,16,016	5,06,36,000	33
Total	9,18,21,184	5,63,87,991	1,92,40,497	16,74,49,672	8,21,35,000	34
Carried over	14,29,39,223	5,69,31,204	1,94,25,418	21,92,95,845	13,32,63,000	35

* Sterling converted into Rupees at £1 = Rs. 10.

of the Central Government, in India and in England.

Item No.	Estimate, 1927-28. † England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1927-28.	Budget Estimate, 1928-29. India.	† England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1927-28.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	2,03,000	1,000	85,57,000	—2,34,000	87,14,000	1,92,000	...	89,06,000	+3,49,000
2	73,000	...	66,52,000	—1,96,000	68,54,000	87,000	...	69,41,000	+2,89,000
3	1,59,000	1,000	1,23,04,000	—3,65,000	1,21,51,000	1,03,000	...	1,22,54,000	—50,000
4	72,000	...	89,04,000	—1,55,000	80,29,000	1,20,000	...	81,49,000	—7,55,000
5	5,000	...	11,63,000	—58,000	11,86,000	12,000	...	11,98,000	+35,000
6	4,000	...	12,69,000	+1,14,000	12,88,000	12,000	...	13,00,000	+31,000
7	...	...	9,000	—1,000	78,000	...	...	78,000	+69,000
8	2,12,000	1,000	31,08,000	—1,40,000	34,01,000	2,26,000	...	36,27,000	+5,19,000
9	...	...	29,000	...	31,000	...	...	31,000	+2,000
10	7,28,000	3,000	4,19,95,000	—10,35,000	4,17,32,000	7,52,000	...	4,24,84,000	+4,89,000
11	...	...	2,80,000	—1,76,000	2,96,000	...	...	2,96,000	+16,000
12	...	...	6,97,000	—13,000	...	...	...	...	—6,97,000
13	...	...	7,10,000	—4,000	3,45000	...	...	3,45,000	—3,65,000
14	...	...	16,87,000	—1,92,000	6,41,000	...	...	6,41,000	—10,46,000
15	...	...	12,02,000	—2,000	12,15,000	...	...	12,15,000	+13,000
16	77,000	...	4,50,000	—43,000	6,87,000	76,000	...	7,63,000	+3,13,000
17	77,000	...	16,52,000	—56,000	19,02,000	76,000	...	19,78,000	+3,26,000
18	...	...	—15,60,000	—17,28,000	3,32,000	...	...	3,32,000	+18,92,000
19	...	...	54,68,000	—1,83,000	59,41,000	...	...	59,41,000	+4,73,000
20	...	...	5,03,000	—26,000	5,21,000	...	...	5,21,000	+18,000
21	...	...	59,71,000	—2,09,000	64,62,000	...	...	64,62,000	+4,91,000
22	...	...	18,30,000	—1,70,000	17,00,000	...	...	17,00,000	—1,30,000
23	5,000	...	3,66,000	+85,000	—1,000	5,000	...	4,000	—3,62,000
24	5,000	...	21,96,000	—85,000	16,99,000	5,000	...	17,04,000	—4,92,000
25	17,50,10,000	6,11,000	37,54,59,000	+9,54,000	20,04,73,000	17,44,79,000	...	37,49,51,000	—5,08,000
26	*10,17,29,000*	*3,55,000*	*25,21,59,000*	—8,95,000	*17,00,38,000*	*10,46,64,000*	...	*27,47,02,000*	—1,55,43,000
27	...	...	*12,02,000*	+2,000	*12,15,000*	...	...	*12,15,000*	—13,000
28	...	...	*61,23,000*	+1,54,000	*66,14,000*	...	...	*66,14,000*	—4,91,000
29	...	...	*16,61,000*	—2,81,000	*20,79,000*	...	...	*20,79,000*	—4,13,000
30	...	...	*5,48,30,000*	—12,25,000	*5,74,50,000*	...	...	*5,74,50,000*	—26,20,000
31	7,32,81,000	2,56,000	5,24,84,000	—12,91,000	—3,69,24,000	6,98,15,000	...	3,28,91,000	—1,95,93,000
32	1,11,000	...	5,26,63,000	+1,84,000	6,20,55,000	1,29,000	...	6,21,84,000	+95,21,000
33	...	...	5,06,36,000	—5,44,000	5,39,86,000	...	...	5,39,86,000	+33,50,000
34	7,33,92,000	2,56,000	15,57,83,000	—16,51,000	7,91,17,000	6,99,44,000	...	14,90,61,000	—67,22,000
35	7,42,03,000	2,59,000	20,77,24,000	—49,50,000	13,18,85,000	7,07,77,000	...	20,26,62,000	—50,62,000

† Sterling converted into Rupees at £1=Rs. 13⅓.

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	Accounts, 1926-27. India.	England.*	Exchange.	Total.	Revised India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	14,59,39,223	5,69,31,204	1,94,25,418	21,92,95,845	13,32,63,000	
Civil Administration—						
22.—General Administration—						
A.—Heads of Provinces (including Governor General) and Executive Councils					22,69,000	1
B.—Legislative Bodies					5,98,000	2
C.—Secretariat and Headquarters establishment	1,27,92,693	28,37,910	9,65,034	1,65,95,637	89,80,000	3
D.—Commissioners					...	4
E.—District Administration					18,12,000	5
F.—Home Administration, etc.					...	6
G.—Miscellaneous, etc.					3,000	7
23.—Audit	80,92,814	2,77,489	94,339	84,64,642	85,48,000	8
24.—Administration of Justice	14,23,776	30,327	10,291	14,64,394	13,48,000	9
25.—Jails and Convict Settlements	36,56,371	26,499	9,010	36,91,880	36,94,000	10
26.—Police	90,72,216	1,45,495	49,413	92,67,124	68,19,000	11
27.—Ports and Pilotage	30,13,525	3,33,919	1,13,406	34,60,850	31,13,000	12
28.—Ecclesiastical	23,40,654	6,78,342	2,30,740	32,49,736	23,10,000	13
29.—Political	3,22,21,716	7,23,941	2,45,929	3,31,91,586	1,37,63,000	14
29-A.—Frontier Watch and Ward	...	...	...	...	*2,46,53,000	15
30.—Scientific Departments	75,33,399	7,22,295	2,45,554	85,01,248	83,31,000	16
31.—Education	37,08,154	66,014	22,485	37,96,653	48,28,000	17
32.—Medical	27,65,755	1,83,043	62,270	30,11,068	27,71,000	18
33.—Public Health	16,25,909	93,783	31,962	17,51,654	16,54,000	19
34.—Agriculture	24,98,907	1,19,166	40,528	26,58,601	28,70,000	20
35.—Industries	81,07,018	27,384	9,284	82,03,636	17,22,000	21
36.—Aviation	13,03,866	1,868	630	13,06,299	10,29,000	22
37.—Miscellaneous Departments	8,87,139	1,97,281	67,088	11,51,508	10,08,000	23
37-A.—Indian Stores Department	15,77,331			15,77,331	16,00,000	24
Total	10,26,81,188	64,64,701	21,97,963	11,13,43,847	10,37,83,000	25
Currency and Mint—						
38.—Currency	29,50,044	23,34,584	7,89,562	60,54,190	37,68,000	26
39.—Mint	15,09,031	55,120	18,731	15,82,882	16,80,000	27
Total	44,39,075	23,89,704	8,08,293	76,37,072	54,48,000	28
Civil Works—						
41.—Civil Works	1,88,18,067	1,16,609	39,484	1,89,74,160	1,61,64,000	29
Miscellaneous—						
43.—Famine Relief and Insurance—						
A.—Famine Relief	96,749	...	...	96,749	...	30
44.—Territorial and Political Pensions	29,02,798	73,070	24,831	30,60,699	28,92,000	31
45.—Superannuation Allowances and Pensions	16,12,703	1,83,24,510	62,37,507	2,61,74,720	15,01,000	32
45-A.—Commutation of pensions financed from Ordinary Revenue	...	...	...	...	8,80,000	33
46.—Stationery and Printing	24,99,770	4,91,572	...	31,58,158	23,48,000	34
47.—Miscellaneous	154,63,709	12,38,224	1,66,816	4,23,346	71,25,279	53,41,000	35
Total	1,26,35,729	2,01,27,376	68,52,500	3,96,15,605	1,29,62,000	36
Military Services—						
48.—Army—						
Effective	39,43,60,916	6,14,87,393	2,09,11,034	47,66,59,343	35,70,01,000	37
Non-effective	3,46,29,215	3,52,01,033	1,19,81,281	8,18,11,529	5,44,85,000	38
	42,88,90,131	9,66,88,426	3,28,92,315	55,84,70,872	39,14,86,000	39
49.—Marine	39,62,359	19,17,484	6,53,638	65,33,481	52,32,000	40
50.—Military Engineer Services	4,26,20,931	4,01,940	1,36,665	4,41,59,536	4,40,95,000	41
Total	47,04,73,421	9,90,07,850	3,36,82,618	60,91,63,889	44,08,13,000	42
Contributions and miscellaneous adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous adjustments between the Central and Provincial Governments.	4,52,896	...	...	4,52,896	3,47,000	43
Extraordinary Items—						
52.—Extraordinary Payments	3,57,997	...	...	3,57,997	18,87,000	44
52-I.—Transfers to Revenue Reserve Fund	2,95,63,311	...	...	2,95,63,311	...	45
Total	2,99,21,308	...	...	2,99,21,308	18,87,000	46
Railway Expenditure as per Railway Budget	16,51,15,831	8,61,65,943	...	25,12,81,774	26,81,84,000	47
Total Expenditure charged to Revenue	95,34,76,733	27,12,03,387	2,63,13,403	28,05,95,177	92,28,51,000	48
			9,23,19,679	1,31,69,99,799		

* Sterling converted into Rupees at £1 = Rs. 10.

ofthe Central Government, in India and in England—*contd.*

Item No.	Estimate, 1927-28. † England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1927-28.	Budget Estimate, 1928-29. India.	† England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1927-28.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	7,42,02,000	2,59,000	20,77,24,000	—49,50,000	13,18,85,000	7,07,77,000	...	20,26,62,000	—50,62,000
1	...	...	22,69,000	+1,18,000	23,64,000	...	...	23,64,000	+95,000
2	...	...	5,98,000	—36,000	6,25,000	...	...	6,25,000	+27,000
3	...	...	89,80,000	—1,95,000	95,12,000	...	...	95,12,000	+5,32,000
4	...	...	...	...	...	...	...	...	...
5	...	...	18,12,000	—60,000	18,80,000	...	...	18,80,000	+68,000
6	40,56,000	14,000	40,70,000	—5,95,000	...	61,87,000	...	61,87,000	+21,17,000
7	...	...	3,000	+3,000	3,000	...	...	3,000	...
8	4,67,000	2,000	90,17,000	+1,63,000	95,41,000	4,15,000	...	99,56,000	+9,39,000
9	21,000	...	13,69,000	—48,000	14,02,000	44,000	...	14,46,000	+77,000
10	67,000	...	37,61,000	—2,64,000	38,70,000	41,000	...	39,11,000	+1,50,000
11	1,77,000	1,000	69,97,000	—3,22,000	73,09,000	1,83,000	...	74,92,000	+4,95,000
12	1,47,000	...	32,60,000	—3,63,000	33,27,000	1,12,000	...	34,39,000	+1,79,000
13	8,87,000	3,000	32,00,000	—1,94,000	24,85,000	8,87,000	...	33,72,000	+1,72,000
14	10,00,000	4,000	1,47,67,000	+1,15,000	1,37,80,000	12,80,000	...	1,50,60,000	+2,93,000
15	1,20,000	...	2,47,73,000	+4,07,000	2,47,31,000	1,27,000	...	2,48,58,000	+85,000
16	11,27,000	4,000	94,62,000	—4,47,000	84,71,000	12,28,000	...	96,99,000	+2,37,000
17	89,000	...	49,17,000	—3,81,000	45,40,000	89,000	...	46,29,000	—2,88,000
18	2,64,000	1,000	30,36,000	+1,18,000	27,60,000	2,05,000	...	29,65,000	—71,000
19	1,01,000	...	17,55,000	+1,14,000	19,29,000	1,23,000	...	20,53,000	+2,97,000
20	1,59,000	1,000	30,90,000	—10,000	29,37,000	1,64,000	...	31,01,000	+71,000
21	37,000	...	17,59,000	+9,21,000	4,19,000	38,000	...	4,57,000	—13,02,000
22	6,000	...	10,35,000	+6,35,000	5,84,000	44,000	...	6,28,000	—4,07,000
23	2,77,000	1,000	29,46,000	+2,000	11,61,000	3,25,000	...	33,09,000	+3,63,000
24					18,23,000				
25	90,02,000	31,000	11,28,16,000	—3,23,000	10,54,53,000	1,14,92,000	...	11,69,45,000	+41,29,000
26	36,21,000	13,000	74,02,000	+18,70,000	36,35,000	12,01,000	...	48,36,000	—25,66,000
27	67,000	...	17,47,000	—2,06,000	18,59,000	2,68,000	...	21,27,000	+3,80,000
28	36,88,000	13,000	91,49,000	+16,64,000	54,94,000	14,69,000	...	69,63,000	—21,86,000
29	91,000	...	1,62,55,000	—4,43,000	1,72,62,000	69,000	...	1,73,31,000	+10,76,000
30	...	...	...	...	...	...	...	...	...
31	1,58,000	1,000	30,51,000	+6,000	28,40,000	1,20,000	...	29,60,000	—91,000
32	2,39,59,000	83,000	2,55,43,000	—81,000	10,63,000	2,35,08,000	...	2,45,71,000	—9,72,000
33	...	...	8,60,000	+3,67,000	8,80,000	...	...	8,80,000	...
34	5,25,000	2,000	28,75,000	—6,67,000	45,93,000	10,83,000	...	56,76,000	+28,01,000
35	14,79,000	5,000	68,25,000	—1,66,000	55,49,000	14,00,000	...	69,19,000	+94,000
36	2,61,21,000	91,000	3,91,74,000	—5,41,000	1,48,95,000	2,61,11,000	...	4,10,06,000	+18,32,000
37	7,11,95,000	2,48,000	42,84,44,000	—39,09,000	36,67,01,000	7,76,96,000	...	44,43,97,000	+1,59,53,000
38	4,86,35,000	1,69,000	8,32,89,000	+1,51,000	3,45,57,000	4,93,39,000	...	8,38,96,000	+6,07,000
39	11,98,30,000	4,17,000	51,17,33,000	—37,58,000	40,12,58,000	12,70,35,000	...	52,82,93,000	+1,65,60,000
40	30,93,000	11,000	83,30,000	+2,76,000	56,87,000	28,32,000	...	85,19,000	+1,83,000
41	—80,000	...	4,40,15,000	+3,17,000	4,32,74,000	4,26,000	...	4,36,00,000	—4,15,000
42	12,28,43,000	4,28,000	56,40,94,000	—31,65,000	45,01,19,000	13,02,93,000	...	58,04,12,000	+1,63,28,000
43	...	...	3,47,000	+3,47,000	...	...	...	...	—3,47,000
44	...	...	18,87,000	+11,87,000	4,50,000	...	...	4,50,000	—14,37,000
45	...	...	...	...	...	...	...	...	...
46	...	...	18,87,000	+11,87,000	4,50,000	...	...	4,50,000	—14,37,000
47	11,73,68,000	4,10,000	32,59,62,000	+3,10,57,000	20,97,16,000	12,04,84,000	...	33,03,00,000	+42,38,000
48	35,33,15,000	12,32,000	1,27,73,98,000	+2,48,33,000	93,52,74,000	36,00,95,000	...	1,29,59,69,000	+1,85,71,000

† Sterling converted into Rupee at £1 = Rs. 13⅓.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1926-27.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,26,57,86,503	3,81,94,803	1,30,39,81,306
Exchange added to Revenue	1,30,18,493	...	1,30,18,493
Total	1,27,88,04,996	3,81,94,803	1,31,69,99,799
Railway Capital not charged to Revenue—			
As per Railway Budget	59,275	...	59,275
Public Debt Incurred—			
Permanent Debt—			
Sterling Debt—			
7 per cent. Stock	...	1,01,762	
5½ per cent. Stock	...	11,16,376	
4½ per cent. Stock	...	9,65,479	
Rupee Debt—			
New Rupee Loan	...	...	
4 per cent. Loan, 1960-70	29,49,70,600	...	
Do. 1934-37	...	...	
3½ per cent. Loans	21,98,000	...	
Total	29,71,68,600	21,83,617	29,93,52,217
Floating Debt—			
Treasury Bills—			
Issued to Public	...	...	
Issued to Paper Currency Reserve	49,65,00,000	...	
India Bills	...	...	
Temporary Loans	...	...	
Total	49,65,00,000	...	49,65,00,000
Carried over	2,07,25,32,871	4,03,78,420	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

Revised Estimate, 1927-28.			Budget Estimate, 1928-29.		
India.	† England.	Total.	India.	† England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,24,42,59,000	3,30,24,000	1,27,72,83,000	1,26,44,69,000	3,20,06,000	1,29,64,75,000
1,15,000	...	1,15,000	...	...	...
1,24,43,74,000	3,30,24,000	1,27,73,98,000	1,26,44,69,000	3,20,06,000	1,29,64,75,000
...	...	...	...	2,03,80,000	2,03,80,000
...	...		...	...	
...	15,83,000		...	16,84,000	
...	9,28,58,000		...	15,46,000	
...	...		32,00,00,000	...	
...	...		...	...	
19,53,79,000	...		...	...	
12,00,000	...		10,28,000	...	
19,65,79,000	9,44,41,000	29,10,20,000	32,10,28,000	32,30,000	32,42,58,000
31,84,05,000	...		35,00,00,000	...	
51,71,60,000	...		62,87,60,000	...	
...	6,66,67,000		...	...	
4,00,00,000	...		...	...	
87,55,65,000	6,66,67,000	94,22,32,000	97,87,60,000	...	97,87,60,000
2,31,65,18,000	19,41,32,000		2,56,42,57,000	5,56,16,000	

† Sterling converted into Rupees at £1 = Rs. 13⅓

C.—Statement of Receipts and Disbursements of the

	Accounts, 1926-27.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Brought forward	2,07,25,32,871	4,03,78,420	...
Unfunded Debt—			
Deposits of Service Funds	12,72,805	3,93,374	
Post Office Cash Certificates	7,53,48,396	...	
Savings Bank Deposits	29,83,07,134	3,45,086	
Total	37,49,28,335	7,38,460	37,56,66,795
Deposits and Advances—			
Deposits of Local Funds—			
District Funds	15,97,41,858	...	
Other Funds	9,57,95,412	...	
Sinking Funds for Central Loans	1,43,56,735	...	
Other appropriations for Reduction or Avoidance of Debt	3,61,12,016	...	
Sinking Fund Investment Account	52,95,296	...	
Sinking Funds for loans granted to local bodies	3,65,764	...	
Gold Standard Reserve	...	36,79,02,228	
Paper Currency Reserve	...	92,02,05,813	
Deposits of Branch Line Companies	12,73,600	...	
Posts and Telegraphs Depreciation Fund	33,83,809	...	
Provincial Loans Fund	12,44,48,185	...	
Departmental and Judicial Deposits	88,69,03,863	...	
Advances	17,01,28,967	6,24,967	
Discount Sinking Fund	...	...	
Suspense	4,61,48,044	1,76,03,401	
Exchange on Remittance Accounts	11,13,69,063	...	
Miscellaneous	58,18,593	1,17,48,228	
Revenue Reserve Fund	2,95,63,311	...	
Total	1,69,10,04,516	1,31,80,84,637	3,00,90,89,153
Railway Depreciation and Reserve Funds as per Railway Budget	12,37,11,269	...	12,37,11,269
Carried over	4,26,21,76,691	1,35,92,01,517	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

Revised Estimate, 1927-28.			Budget Estimate, 1928-29.		
India.	†England.	Total.	India.	†England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,31,65,18,000	19,41,32,000	...	2,56,42,57,000	5,56,16,000	...
10,56,000	4,82,000		10,53,000	5,53,000	
6,20,00,000	...		5,80,00,000	...	
33,24,35,000	—16,01,000		36,18,72,000	...	
39,54,91,000	—11,19,000	39,43,72,000	42,09,25,000	5,53,000	42,14,78,000
16,39,57,000	...		16,31,94,000	...	
9,72,03,000	...		9,69,18,000	...	
1,47,15,000	...		1,52,86,000	...	
3,70,32,000	...		4,03,82,000	...	
1,26,27,000	...		...	...	
3,80,000	...		3,96,000	...	
...	79,57,79,000		...	69,73,99,000	
...	20,23,17,000		...	13,95,19,000	
8,20,000	...		3,00,000	...	
37,00,000	...		40,32,000	...	
14,03,63,000	...		16,39,94,000	...	
95,48,53,000	...		91,12,57,000	...	
16,18,14,000	7,80,000		15,59,42,000	2,85,000	
4,37,000	...		17,88,000	...	
11,15,20,000	—31,37,000		3,25,06,000	2,88,000	
17,45,000	...		...	...	
2,00,000	1,49,76,000		1,72,000	1,42,20,000	
...	...		...	...	
1,70,13,66,000	1,01,07,25,000	2,71,20,91,000	1,58,61,67,000	85,17,11,000	2,43,78,78,000
16,12,26,000	...	16,12,26,000	15,45,30,000	...	15,45,30,000
4,57,46,01,000	1,20,37,38,000		4,72,58,79,000	90,78,80,000	

† Sterling converted into Rupees at £1 = Rs. 13⅓.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1926-27.		
	India.	England. *	Total.
	Rs.	Rs.	Rs.
Brought forward	4,26,21,76,991	1,35,92,01,517	
Loans and Advances by the Central Government—			
Advances to the Provincial Loans Fund	...	...	
Other Loans and Advances	1,54,24,159	...	
Total	1,54,24,159	...	1,54,24,159
Remittances—			
Remittances within India—			
Inland Money Orders	93,98,31,162	...	
Other Local Remittances	36,93,930	...	
Other Departmental Accounts	68,32,897	...	
Net Receipts by Civil Treasuries from—			
Railways	5,77,35,636	...	
Posts and Telegraphs	5,54,25,683	...	
Net Receipts from Civil Treasuries by—			
Marine	40,52,782	...	
Army and Military Engineer Services	39,32,48,507	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	1,38,89,021	
Sale of Silver	...	...	
Other transactions	1,57,20,160	3,13,86,258	
Remittances from India for financing Home Treasury	...	2,11,50,000	
Sale of Sterling	1,42,50,000	...	
Transfers through the Paper Currency Reserve	...	23,42,70,485	
Total	1,49,07,90,757	30,06,95,764	1,79,14,86,521
Balances of Provincial Governments	...	...	...
Total Receipts	5,76,83,91,907	1,65,98,97,281	
Opening Balance	25,14,88,041	(a) 15,04,63,055	
GRAND TOTAL	6,01,98,79,948	1,81,03,60,336	

* Sterling converted into Rupees at £1 = Rs. 10.

(a) Of this amount, £325 represents the funds of the Gold Standard Reserve.

Central Government, in India and in England—*contd.*

Revised Estimate, 1927-28.			Budget Estimate, 1928-29.		
India.	† England.	Total.	India.	† England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,57,46,01,000	1,20,37,38,000		4,72,58,79,000	90,78,80,000	
...	...		...	...	
1,09,54,000	...		83,51,000	...	
1,09,54,000	...	1,09,54,000	83,51,000	...	83,51,000
96,75,00,000	...		98,95,00,000	...	
4,46,000	...		3,20,000	...	
3,59,84,000	...		3,47,00,000	...	
5,26,09,000	...		6,90,79,000	...	
4,38,10,000	...		4,38,10,000	...	
55,61,000	...		43,75,000	...	
39,30,60,000	...		38,84,12,000	...	
...	1,08,33,000		...	1,01,33,000	
...	1,44,00,000		...	...	
89,56,000	4,68,53,000		91,68,000	3,47,27,000	
...	38,00,00,000		...	48,00,00,000	
...	...		...	...	
4,43,52,000	7,42,88,000		...	...	
1,55,22,78,000	52,63,74,000	2,07,86,52,000	1,53,93,64,000	52,48,60,000	2,06,42,24,000
1,52,51,000	...	1,52,51,000	3,67,44,000	...	3,67,44,000
6,15,30,84,000	1,73,01,12,000		6,31,03,38,000	1,43,27,40,000	
27,87,75,069	(*b*) 4,31,13,307		12,73,48,069	(*b*) 8,07,11,307	
6,43,18,59,069	1,77,32,25,307		6,43,76,86,069	1,51,34,51,307	

† Sterling converted into Rupees at £1 = Rs. 13⅓.

(*b*) Of this amount, £325 represents the funds of the Gold Standard Reserve.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1926-27.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	95,34,76,733	27,12,03,387	1,22,46,80,120
Exchange charged as Expenditure	9,23,19,679	...	9,23,19,679
Total	1,04,57,96,412	27,12,03,387	1,31,69,99,799
Irrigation, Posts and Telegraphs and other Capital not charged to Revenue—			
Capital outlay on Security Printing Press	16,49,855	...	16,49,855
Construction of Irrigation Works	—70,632	...	—70,632
Capital outlay on Posts and Telegraphs	23,10,103	9,49,027	32,59,130
Capital outlay on Vizagapatam Port	23,66,612	8,19,853	31,86,465
Currency Capital outlay	8,61,259	5,142	8,66,401
Initial Expenditure on New Capital at Delhi	59,53,932	2,09,185	61,63,117
Payment of Commuted value of Pensions	28,85,222	...	28,85,222
Capital outlay on Bombay Land Scheme	...	...	...
Total	1,59,56,351	19,83,207	1,79,39,558
Railway Capital not charged to Revenue—			
As per Railway Budget	19,48,63,165	10,37,88,799	29,86,51,964
Public Debt Discharged—			
Permanent Debt—			
Sterling Debt—			
7 p. c. Stock	...	99,42,175	
State Railway annuities	...	1,34,73,481	
Do. Do. Sinking Funds	...	20,00,000	
Redemption of liabilities assumed in respect of British War Loan (1929-47)	...	51,20,094	
Rupee Debt—			
6 p. c. Bonds, 1926	19,81,45,600	...	
Do. Do. 1927	2,39,22,500	...	
Other 6 p. c. Bonds	1,800	...	
5½ p. c. War Bonds, 1928	1,00,99,400	...	
Other 5½ p. c. War Bonds	8,22,850	...	
5 p. c. Loan, 1945-55	1,700	...	
4 p. c. Terminable Loan	28,500	...	
Other Loans	26,28,412	...	
Total	23,56,50,762	3,05,35,750	26,61,86,512
Carried over	1,49,22,66,690	40,75,11,143	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

Revised Estimate, 1927-28.			Budget Estimate, 1928-29.		
India.	†England.	Total.	India.	†England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
92,28,51,000	35,33,15,000	1,27,61,66,000	93,52,74,000	36,06,95,000	1,29,59,69,000
12,32,000	...	12,32,000	...	...	...
92,40,83,000	35,33,15,000	1,27,73,98,000	93,52,74,000	36,06,95,000	1,29,59,69,000
—9,79,000	...	—9,79,000	27,000	40,000	67,000
16,93,000	...	16,93,000	1,74,000	...	1,74,000
43,77,000	13,79,000	57,56,000	53,18,000	14,84,000	68,02,000
36,12,000	1,49,000	37,61,000	40,88,000	6,65,000	47,53,000
13,48,000	4,60,000	18,08,000	10,000	7,000	17,000
48,33,000	5,67,000	54,00,000	70,44,000	8,24,000	78,68,000
35,52,000	...	35,52,000	34,85,000	...	34,85,000
20,74,000	...	20,74,000	2,05,22,000	...	2,05,22,000
2,05,10,000	25,55,000	2,30,65,000	4,06,68,000	30,20,000	4,36,88,000
17,50,23,000	13,16,67,000	30,66,90,000	15,33,33,000	14,70,47,000	30,03,80,000
...	65,000		...	...	
...	1,85,85,000		...	1,92,28,000	
...	26,67,000		...	26,67,000	
...	71,68,000		...	75,24,000	
20,00,000	...		2,00,000	...	
17,30,00,000	...		20,00,000	...	
...	...		...	...	
4,12,26,000	...		16,25,00,000	...	
3,50,000	...		3,10,000	...	
...	...		...	...	
30,000	...		20,000	...	
14,04,000	...		12,00,000	...	
21,80,10,000	2,84,85,000	24,64,95,000	16,62,30,000	2,94,19,000	19,56,49,000
1,33,76,26,000	51,60,22,000		1,29,55,05,000	54,01,81,000	

† Sterling converted into Rupees at £1 = Rs. 13⅓.

C.—Statement of Receipts and Disbursements of he

	Accounts, 1926-27.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Brought forward	1,49,22,66,690	40,75,11,143	
Floating Debt—			
Treasury Bills—			
Issued to Public	...	...	
Do. Paper Currency Reserve	57,83,00,000	...	
India Bills	...	...	
Temporary Loans	...	...	
Total	57,83,00,000	...	57,83,00,000
Unfunded Debt—			
Special Loans	14,928	...	
Deposits of Service Funds	15,84,890	21,522	
Post Office Cash Certificates	1,82,16,158	...	
Savings Bank Deposits	22,85,18,558	96,624	
Total	24,83,34,534	1,18,146	24,84,52,680
Deposits and Advances—			
Deposits of Local Funds—			
District Funds	15,89,06,923	...	
Other Funds	9,60,30,127	...	
Sinking Fund Investment Account	1,96,49,821	...	
Gold Standard Reserve	...	36,79,08,649	
Paper Currency Reserve	...	92,02,05,813	
Deposits of Branch Line Companies	5,44,777	...	
Posts and Telegraphs Depreciation Fund	3,79,054	...	
Provincial Loans Fund	12,64,55,427	...	
Departmental and Judicial Deposits	87,99,78,284	...	
Advances	16,23,74,289	3,13,020	
Discount Sinking Fund	3,53,96,472	...	
Suspense	1,38,85,631	1,67,76,775	
Miscellaneous	45,12,468	1,16,92,383	
Revenue Reserve Fund	...	...	
Total	1,49,81,13,273	1,31,68,96,640	2,81,50,09,913
Railway Depreciation and Reserve Funds as per Railway Budget	8,04,64,667	...	8,04,64,667
Carried over	3,89,74,79,164	1,72,45,25,929	

* Sterling converted into Rupees at £1 = Rs. 10.

Central Government, in India and in England—*contd.*

Revised Estimate, 1927-28.			Budget Estimate, 1928-29.		
India.	†England.	Total.	India.	†England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,33,76,26,000	51,60,22,000		1,29,55,05,000	54,01,81,000	
22,84,05,000	...		35,00,00,000	...	
61,24,80,000	...		62,87,60,000	...	
...	6,66,67,000		...	...	
4,00,00,000	...		...	...	
88,08,85,000	6,66,67,000	94,75,52,000	97,87,60,000	...	97,87,60,000
18,000	...		18,000	...	
14,89,000	32,000		14,79,000	40,000	
2,02,00,000	...		2,52,00,000	...	
25,65,64,000	17,000		27,72,57,000	...	
27,82,71,000	49,000	27,83,20,000	30,39,54,000	40,000	30,39,94,000
16,44,71,000	...		16,41,46,000	...	
9,74,50,000	...		9,70,14,000	...	
2,73,44,000	...		1,52,86,000	...	
...	79,57,79,000		...	69,73,99,000	
...	20,23,17,000		...	13,95,19,000	
5,80,000	...		5,50,000	...	
1,72,000	...		1,33,000	...	
14,03,62,000	...		16,28,79,000	...	
93,79,43,000	...		89,81,37,000	...	
15,19,32,000	3,88,000		15,34,37,000	2,77,000	
1,07,46,000	...		...	...	
4,97,25,000	2,87,000		2,37,02,000	2,69,000	
7,80,000	1,50,63,000		...	1,42,87,000	
1,68,73,000	...		...	...	
1,59,83,78,000	1,01,38,34,000	2,61,22,12,000	1,51,52,84,000	85,17,51,000	2,36,70,35,000
10,70,00,000	...	10,70,00,000	9,00,00,000	...	9,00,00,000
4,20,21,60,000	1,59,65,72,000		4,18,35,03,000	1,39,19,72,000	

† Sterling converted into Rupees at £1 = Rs. 13⅓.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1926-27.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Brought forward	3,89,74,79,164	1,72,45,25,929	
Loans and Advances by the Central Government—			
Advances to the Provincial Loans Fund	5,56,78,000	...	
Other Loans and Advances	1,86,22,785	...	
Total	7,43,00,785	...	7,43,00,785
Remittances—			
Remittances within India—			
Inland Money Orders	93,89,98,038	...	
Other Local Remittances	...	...	
Other Departmental Accounts	...	...	
Net Payments into Civil Treasuries by—			
Railways	5,63,57,133	...	
Posts and Telegraphs	5,51,42,315	...	
Net Issues from Civil Treasuries to—			
Marine	40,52,838	...	
Army and Military Engineer Services	39,26,22,963	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	1,38,89,021	...	
Sale of Silver	...	...	
Other transactions	3,62,50,059	1,23,15,153	
Remittances from India for financing Home Treasury	2,11,50,000	...	
Sale of Sterling	...	1,42,50,000	
Transfers through the Paper Currency Reserve	23,42,70,485	...	
Total	1,75,27,32,852	2,65,65,153	1,77,92,98,005
Balances of Provincial Governments	1,65,92,078	2,69,34,276	4,35,26,354
Total Disbursements	5,74,11,04,879	1,77,80,25,358 (b)	
Closing Balance	27,87,75,069	3,23,34,978	
GRAND TOTAL	6,01,98,79,948	1,81,03,60,336	

* Sterling converted into Rupees at £1 = Rs. 10.

(b) Of this amount, £183 represents the

Central Government, in India and in England—*concld.*

Revised Estimate, 1927-28.			Budget Estimate, 1928-29.		
India.	† England.	Total.	India.	† England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,20,21,60,000	1,59,65,72,000		4,18,35,03,000	1,39,19,72,000	
6,17,23,000	...		6,86,95,000	...	
2,50,35,000	...		2,13,48,000	...	
8,67,58,000	...	8,67,58,000	9,00,43,000	...	9,00,43,000
96,70,00,000	...		98,89,00,000	...	
3,37,000	...		2,42,000	...	
3,59,48,000	...		3,45,25,000	...	
5,26,09,000	...		6,72,79,000	...	
4,38,10,000	...		4,38,10,000	...	
55,61,000	...		43,75,000	...	
39,30,60,000	...		38,84,12,000	...	
1,08,33,000	...		1,01,34,000	...	
1,44,00,000	...		...	...	
3,77,47,000	1,80,62,000		2,65,85,000	1,73,09,000	
38,00,00,000	...		48,00,00,000	...	
...	...		...	...	
7,42,88,000	4,43,52,000		...	...	
2,01,55,93,000	6,24,14,000	2,07,80,07,000	2,04,42,62,000	1,73,09,000	2,06,15,71,000
...	3,35,28,000	3,35,28,000	...	3,80,49,000	3,80,49,000
6,30,45,11,000	1,69,25,14,000 (*b*)		6,31,78,08,000	1,44,73,30,000 (*b*)	
12,73,48,069	8,07,11,307		11,98,78,069	6,61,21,307	
6,43,18,59,069	1,77,32,25,307		6,43,76,86,069	1,51,34,51,307	

† Sterling converted into Rupees at £1 = Rs. 13⅓.

(*b*) Funds of the Gold Standard Reserve.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	Accounts, 1926-27.		Revised Estimate, 1927-28.		Budget Estimate, 1928-29.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	46,56,83,497	...	47,77,93,000	...	49,29,31,000	...
Taxes on Income	15,03,20,717	...	14,98,10,000	...	16,30,17,000	...
Salt	5,49,85,310	...	5,52,38,000	...	5,77,54,000	...
Opium	3,32,69,463	...	2,91,18,000	...	2,66,28,000	...
Other Heads	1,60,97,861	...	1,71,86,000	...	1,57,76,000	...
TOTAL	72,03,56,848	...	72,91,45,000	...	75,61,06,000	...
Salt and other Capital Outlay charged to Revenue	...	7,18,385	...	16,87,000	...	6,41,000
Irrigation	...	5,24,860	9,55,000	...	...	10,74,000
Railways	6,01,13,210	...	6,35,58,000	...	5,48,00,000	...
Posts and Telegraphs	...	5,17,615	...	29,91,000	...	24,29,000
Debt Services	...	12,65,90,387	...	12,27,33,000	...	11,98,64,000
Civil Administration	...	10,27,38,768	...	10,32,62,000	...	10,68,13,000
Currency and Mint	3,39,14,155	...	1,81,48,000	...	1,79,18,000	...
Civil Works	...	1,73,95,369	...	1,46,92,000	...	1,58,90,000
Miscellaneous	...	3,36,14,509	...	3,45,25,000	...	3,28,24,000
Military Services	...	55,96,95,825	...	54,92,00,000	...	55,10,00,000
Provincial Contributions and Miscellaneous adjustments between Central and Provincial Governments.	5,13,22,555	...	7,12,000	...	...	...
Extraordinary Items	...	2,39,11,050	1,65,92,000	...	22,17,000	...
TOTAL	86,57,06,768	86,57,06,768	82,91,10,000	82,91,10,000	83,10,41,000	83,05,35,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*concld.*

Revenue and Expenditure.	Accounts, 1926-27.		Revised Estimate, 1927-28.		Budget Estimate, 1928-29.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus	...	...	...	...	5,06,000	...
Capital Account—						
Capital outlay on Security Printing Press	...	16,49,855	...	—9,79,000	...	67,000
Railway Capital not charged to Revenue	...	29,85,92,089	...	30,66,90,600	...	28,00,00,000
Construction of Irrigation Works	...	—70,632	...	16,93,000	...	1,74,000
Capital outlay on Posts and Telegraphs	...	32,59,130	...	57,56,000	...	68,02,000
Capital outlay on Vizagapatam Port	...	31,86,465	...	37,61,000	...	47,53,000
Currency Capital outlay	...	8,66,401	...	18,08,000	...	17,000
Initial expenditure on new Capital at Delhi	...	61,63,117	...	54,00,000	...	78,68,000
Payment of commuted value of pensions	...	28,85,222	...	35,52,000	...	34,85,000
Capital Outlay on Bombay Land Scheme	...	...	...	20,74,000	...	2,05,22,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	3,31,65,705	...	4,45,25,000	...	12,86,09,000	...
Floating Debt	...	8,18,00,000	...	53,20,000	...	...
Unfunded Debt	12,72,14,125	...	11,60,52,000	...	11,74,84,000	...
Deposits and Advances	23,73,25,842	...	15,41,05,000	...	13,53,73,000	...
Loans and Advances by Central Government	...	5,88,76,626	...	7,58,04,000	...	8,16,92,000
Remittances	1,21,88,516	...	6,45,000	...	26,53,000	...
Balances of Provincial Governments	...	4,35,26,354	...	1,52,77,000	...	13,05,000
Opening Balance	40,10,51,096	...	32,18,88,376	...	20,80,59,376	...
Closing Balance	...	31,11,10,042	...	20,80,59,376	...	18,50,99,376
Total	81,18,45,274	81,18,45,274	63,72,15,376	63,72,15,376	59,26,84,376	59,26,84,376

Explanatory Memorandum

by the

Financial Secretary.

(The amounts in the tables are in lakhs of rupees unless otherwise stated.)

The following table compares the actual revenue and expenditure of the Government of India in the year 1926-27 with the budget and revised estimates for the year :—

	Budget.	Revised.	Accounts.
Revenue	1,30,42·97	1,29,97·48	1,31,70·00
Expenditure	1,30,37·66	1,29,97·48	1,31,70·00
Surplus	5·31	..	..

2. The revenue surplus according to the revised estimate was really 2,82·04 lakhs but it was intended to be transferred to the Revenue Reserve Fund, the creation of which was foreshadowed in paragraph 52 of the Finance Member's budget speech of the 28th February 1927, so that the published estimates exhibited neither a revenue surplus nor a revenue deficit. The actual transactions of the year resulted in a net surplus of 2,95·63 lakhs the whole of which has been included in the actual expenditure shown above by *per contra* credit to the Revenue Reserve Fund. The net variation from the estimated result is thus barely 14 lakhs. The net military expenditure, however, exceeded the estimate by 42 lakhs mainly on account of certain adjustments in respect of stores on the abolition of the cost accounting system. We had also to face a loss of 32 lakhs in customs revenue, practically all under cotton piece-goods. But certain other heads showed appreciable improvement, particularly Posts and Telegraphs and Opium and Interest receipts. None of the variations, however, is important enough to need special mention.

3. The broad results of our estimating for the current year and the next are as follows :—

	Budget, 1927-28.	Revised, 1927-28.	Budget, 1928-29.
Revenue	1,25,25·65	1,27,73·98	1,29,64·75
Expenditure . . .	1,25,25·65	1,27,73·98	1,29,59·69
Surplus	..	..	5·06

The budget estimate for the current year resulted, as a matter of fact, in a revenue deficit of 1,71·65 lakhs owing to the decision not to exact any contributions from the Provinces during the year. It was balanced by an equivalent transfer from the Revenue Reserve Fund referred to in the preceding paragraph.

The revised estimates show that the revenue deficit on other transactions will be 1,68·73 lakhs which means that we shall have to draw on the Fund only to this extent in order to balance revenue and expenditure. Accordingly, the variation in the net result from the original budget is under 3 lakhs. The budget figures for the coming year allow for the complete and final remission of the outstanding balance of Provincial contributions, *viz.*, 2,58 lakhs—*vide* paragraph 30 of the Finance Member's budget speech of the 29th February 1928.

4. The details of the railway figures embodied in the budget statements have been explained already in a separate memorandum. Those relating to the military heads will be found in Appendix I. For the rest, the details are given in the following paragraphs.

CUSTOMS.

	Revenue (Receipts *less* Refunds).	Expenditure.	Net Revenue.
1924-25	45,75·32	77·12	44,98·20
1925-26	47,77·95	81·77	46,96·18
1926-27	47,38·11	81·27	46,56·84
1927-28 Budget	48,73·37	87·91	47,85·46
1927-28 Revised	48,63·50	85·57	47,77·93
1928-29 Budget.	50,18·37	89·06	49,29·31

5. The revised estimate of customs revenue in 1927-28 is only about 10 lakhs less than the budget. There are, however, important variations in both directions under individual tariff heads. The outstanding increases appear under tobacco (37 lakhs), imports of cigarettes in the first nine months of the year being better than last year by 1·2 million lbs.; mineral oils (38 lakhs) due to large imports of kerosene from Russia and Georgia and of fuel oils from Persia; protective duties on iron and steel (25 lakhs) where the differential duties imposed under the Steel Industry (Protection) Act (III of 1927) are mainly responsible for the improvement; and jute (55 lakhs), the increase reflecting the prosperity of the trade in the current year. On the other hand, cotton piece-goods, despite the rise in the quantity imported, do not show a corresponding rise in value and are expected to yield 70 lakhs less, while matches which form the subject of a current investigation by the Tariff Board—the yield has dropped from 1,54 lakhs in 1922-23 to 52 lakhs in 1927-28—will fail us to the extent of 40 lakhs. Further, the present estimate allows for the loss of about 45 lakhs following from the abolition of the import duties on mill-stores and machinery under the Indian Tariff (Amendment) Act (XXIV of 1927) which came into force on the 1st October 1927. What has largely helped to keep the net total revenue practically at the figure forecasted a year ago is the re-establishment, on the 5th July 1927, of the land customs line between Kathiawar and British India. It has led to an appreciable rise in the revenue from silk manufactures (3½ lakhs) and land customs (14 lakhs) and, what is more, has saved us from any fall under sugar which, in

previous years, has exhibited wide fluctuations, as will be clear from the following table :—

	Budget.	Revised.	Actuals.
1921-22	2,35	6,87	6,51
1922-23	6,25	4,65	4,41
1923-24	5,00	3,85	3,32
1924-25	4,55	5,55	5,77
1925-26	5,10	6,40	6,48
1926-27	5,70	6,95	7,01
1927-28	6,70	6,70	

6. The budget estimate of revenue for 1928-29 exceeds the revised estimate of the current year by about 1,55 lakhs even after making allowance for the further loss, estimated at 40 lakhs, due to the abolition of the import duties on mill-stores and machinery referred to in paragraph 5. Sugar is expected, thanks to the land customs line at Viramgam, to bring in 40 lakhs more, cotton piece-goods 30 lakhs more, and motor-cars and cycles 26 lakhs more than in 1927-28. Owing to a fall in prices, these last have not given us in the current year as much as we had reason to expect even after allowing for the reduction in the import duty from 30 to 20 per cent. in March 1927. Under other heads, we have taken a normal increase generally though under mineral oils and jute we have had to budget for a fall of 10 lakhs and 15 lakhs respectively from this year's rather abnormal figures.

7. The details are as follows :—

	Accounts, 1924-25.	Accounts, 1925-26.	Accounts, 1926-27.	1927-28. Budget.	1927-28. Revised.	Budget, 1928-29.
REVENUE.						
SEA CUSTOMS.						
IMPORTS.						
Non-protective Special Duties.						
Liquors—						
(*a*) Ale, Beer, Porter, Cider and other fermented Liquors .	16·23	18·01	19·48	20·30	21·87	22·95
(*b*) Spirits and Liquers . .	2,19·99	2,21·90	2,26·64	2,41·19	2,19·76	2,28·50
(*c*) Wines	14·10	14·07	15·19	15·20	15·16	15·30
Sugar, all sorts	5,76·90	6,47·81	7,00·72	6,70·00	6,70·00	7,10·00
Tobacco	1,73·72	1,55·81	1,90·77	1,93·00	2,29·52	2,33·90
Coal, coke and patent fuel . .	2·83	2·03	·86	2·35	1·50	2·25
Tin, block	..	..	..	..	7·86	7·75
Mineral oils	1,43·39	1,54·67	1,29·29	1,37·78	1,76·00	1,66·00
Arms, Ammunition and Military Stores	8·64	8·60	7·95	9·05	7·42	8·60

	Accounts, 1924-25.	Accounts, 1925-26.	Accounts, 1926-27.	1927-28. Budget.	1927-28. Revised.	Budget, 1928-29.
REVENUE—*contd.*						
SEA CUSTOMS—*contd.*						
IMPORTS—*contd.*						
Opium	·03	·02	·03	·03	·04	·04
Artificial silk yarn and thread	..	..	..	..	6·41	11·95
Cotton yarn and thread	51·41	43·38	36·45	39·36	47·99	53·11
Cotton piece-goods	7,73·76	6,06·55	6,21·04	7,00·00	6,30·14	6,60·00
Matches	1,25·85	1,18·30	89·18	92·09	52·29	50·00
Match Splints and Veneers						
Silk mixtures	..	3·80	5·43	6·52	6·99	7·16
Portland Cement	..	..	9·06	7·02	11·04	11·65
Printer's Ink	..	..	·34	·32	·38	·40
Duty at 2½ per cent.						
Machinery (including Locomotive Engines and tenders)	42·88	43·86	38·17	43·28	22·68	·50
Other articles	1·16	·87	·55	·72	·52	·57
Duty at 10 per cent.						
Metals—Iron and Steel	84·12	42·30	42·82	43·20	52·07	55·90
Railway plant and rolling stock	47·49	38·82	24·41	40·00	29·00	30·00
Other articles	1·65	1·42	1·06	1·75	1·40	2·20
Duty at 15 per cent.						
Articles of Food and Drink (excluding sugar and vinegar)	1,39·15	1,59·83	1,74·89	1,87·26	1,83·48	1,92·30
Raw materials and articles mainly unmanufactured	63·88	69·72	65·17	67·50	75·89	78·60
Articles wholly or mainly manufactured—						
(*a*) Cutlery, hardware, implements and instruments	1,19·97	1,29·42	1,31·52	1,37·72	1,37·27	1,41·97
(*b*) Metals other than Iron and Steel	1,12·97	1,10·31	96·84	1,06·80	80·40	86·85
(*c*) Yarns and textile fabrics (other than cotton manufactures)	1,42·91	1,44·20	1,63·49	1,89·10	1,85·90	1,99·25
(*d*) Pneumatic rubber tyres and tubes	27·69	46·03	38·90	42·00	32·00	38·00
(*e*) All other articles wholly or mainly manufactured	3,99·48	3,99·84	4,15·91	4,29·27	4,19·41	4,20·00
Miscellaneous	56·46	55·67	62·46	59·50	62·94	63·55
Duty at 20 per cent.						
Motor cars and cycles	79·44	1,05·30	1,04·95	1,08·39	89 61	1,16·00
Duty at 30 per cent.						
Silk piece-goods and other manufactures of silk	90·05	78·16	78·34	82·05	85·54	83·53
Other articles	98·59	1,03·73	1,04·78	1,14·81	98·38	1,04·40

	Accounts, 1924-25.	Accounts, 1925-26.	Accounts, 1926-27.	1927-28. Budget.	1927-28. Revised.	Budget, 1928-29.
REVENUE—*contd.*						
SEA CUSTOMS—*contd.*						
IMPORTS—*contd.*						
Protective Special Duties.						
Iron and Steel (*a*) Liable to additional duties .	2,25·77	2,92·04	2,76·93	2,75·00	2,99·77	3,09·75
Iron and Steel (*b*) Not liable to additional duties .						
Paper and Stationery . . .	..	12·78	23·52	24·23	26·67	27·48
Government stores.						
Articles liable to protective duties—						
Iron and Steel (*a*) Liable to additional duties .	60·29	1,02·65	94·27	1,02·40	99·56	1,01·19
Iron and Steel (*b*) Not liable to additional duties .						
Paper and Stationery						
Railway plant and rolling stock (non-protective) . . .						
Other Stores						
TOTAL IMPORTS .	39,00·80	39,31·90	39,96·41	41,89 19	40,86·36	42,41·60
Export duties—						
(*a*) Hides and skins, raw . .	26·75	31·74	30·84	30·00	34·46	35·10
(*b*) Jute (raw and manufactured)	3,75·64	3,68·05	3,95·06	3,80·00	4,35·42	4,20·45
(*c*) Rice.	1,23·97	1,40·81	1,16·68	1,21·05	1,21·69	1,22·07
(*d*) Tea	49·12	48·09	50·96	..	1·09	..
(*e*) Government Stores . .	·05	·03	·04	·04	·03	·01
Sea Customs—Miscellaneous . .	13·50	11·43	9·80	12·15	14·26	14·47
Land Customs	20·84	23·04	22·41	21·82	36·00	41·76
Excise Duty on Cotton Manufactures	2,17·67	1,46·60	·37	..	..	..
Excise Duty on Motor Spirit . .	78·86	76·82	96·40	1,00·00	1,24·55	1,24·80
Excise Duty on Kerosene . .	98·39	97·88	1,04·70	1,10·00	1,01·21	1,10·56
Warehouse and wharf rents and Miscellaneous	5·29	5·54	6·87	5·12	5·71	5·54
TOTAL RECEIPTS . .	49,10·88	48,81·93	48,30·54	49,69·37	49,61·28	51,16·36
Deduct—Refunds . .	*3,35·56*	*1,03·98*	*92·43*	*96·00*	*97·78*	*97·99*
TOTAL REVENUE .	45,75·32	47,77·95	47,38·11	48,73·37	48,63·50	50,18·37
EXPENDITURE.						
India	75·13	80·15	79·72	86·03	83·53	87·14
England	1·45	1·22	1·16	1·41	2·03	1·92
Exchange	·54	·40	·39	·47	·01	..
Total .	77·12	81·77	81·27	87·91	85·57	89·06

TAXES ON INCOME.

	Revenue. (Receipts *less* refunds and Provincial Governments' share of Income-tax revenue).	Expenditure.	Net revenue.
1924-25 . . .	16,01·48	60·38	15,41·10
1925-26 . . .	15,85·93	58·72	15,27·21
1926-27 . . .	15,64·97	61·76	15,03·21
1927-28 Budget . .	16,95·05	68·48	16,26·57
1927-28 Revised .	15,64·62	66·52	14,98·10
1928-29 Budget . .	16,99·58	69·41	16,30·17

8. The revised estimate of revenue under this head is 1,30 lakhs worse than the budget. In paragraph 39 of the Finance Member's budget speech of the 28th February 1927, it was proposed to assess 50 per cent. of the profits of tea companies as representing non-agricultural profits instead of the previous 25 per cent. It was later decided to reduce the percentage assumed for budget purposes to 40 which has involved a loss of 18 lakhs. Refunds have gone up by 10 lakhs and the Provincial Governments' share is more by 4 lakhs. But the main portion of the loss is accounted for by the over-estimating, a year ago, of the profits of the jute trade in Bengal which Province alone is responsible for an aggregate deterioration of 48 lakhs and 86 lakhs in super-tax and income-tax revenue respectively.

9. In the coming year, the last-mentioned cause will disappear as the trade has latterly been doing well. We shall also have the full effect of the altered method of assessment of tea companies and a further appreciable accretion to our revenues from the substitution of tax-subject for tax-free Government of India securities in accordance with our recent loan operations. The total budget estimate of revenue is thus 1,35 lakhs more than the revised estimate for 1927-28 though only 5 lakhs more than the budget figure for that year. The principal increase over the revised estimate is naturally expected in Bengal—52 lakhs in super-tax and 77 lakhs in income-tax. The variations elsewhere are unimportant.

10. The following tables give the usual details :—

	Accounts, 1924-25.	Accounts, 1925-26.	Accounts, 1926-27.	1927-28. Budget.	1927-28. Revised.	Budget, 1928-29.
REVENUE.						
EXCESS PROFITS DUTY.						
1 Madras	·08	..	·16	..	..	..
2. Bengal	·15	·01	·01	·01	·01	·01
3. Bombay	..	..	·01	..	..	..
TOTAL .	·23	·01	·18	·01	·01	·01

	Accounts, 1924-25.	Accounts, 1925-26.	Accounts, 1926-27.	1927-28. Budget.	1927-28. Revised.	Budget, 1928-29.
REVENUE—*contd.*						
SUPER-TAX.						
1. India	1·22	2·07	2·17	2·15	1·87	2·00
2. Baluchistan	..	·35	·22	·40	·20	·22
3. N.-W. Frontier	·24	·24	·98	·34	·68	·53
4. Madras	21·35	22·71	19·21	25·20	22·00	24·00
5. Bombay	1,27·34	88·62	78·62	94·71	85·00	85·00
6. Bengal	2,25·31	2,54·77	2,45·95	2,61·00	2,13·00	2,65·00
7. United Provinces	16·53	17·42	15·15	15·30	15·30	16·00
8. Punjab	6·90	6·67	6·27	8·40	7·00	7·00
9. Burma	56·56	57·87	64·56	70·15	70·15	67·00
10. Bihar and Orissa	6·54	4·36	20·80	8·84	17·19	12·00
11. Central Provinces	12·94	8·37	8·23	8·00	7·00	8·00
12. Assam	4·09	2·47	3·34	5·00	4·00	4·00
TOTAL	4,79·02	4,65·92	4,65·50	4,99·49	4,43·39	4,90·75
INCOME-TAX.						
1. India General—						
Civil	32·42	28·28	31·71	30·16	33·76	34·04
Non-Civil Departments	50·21	55·78	58·82	61·94	62·61	63·74
2. Delhi	8·33	11·44	11·21	10·42	11·46	10·96
3. Baluchistan	1·07	1·69	1·60	1·95	1·35	1·30
4. North-West Frontier	7·65	8·24	9·38	8·05	8·65	9·20
5. Madras	1,18·16	1,28·30	1,29·24	1,39·00	1,41·00	1,43·00
6. Bombay	3,13·10	2,89·07	2,74·46	2,97·00	2,97·00	2,95·00
7. Bengal	3,50·15	3,90·76	3,56·00	3,99·00	3,13·00	3,90·00
8. United Provinces	64·94	65·31	61·68	69·70	69·70	75·00
9. Punjab	63·33	64·91	67·42	70·84	70·00	71·00
10. Burma	1,31·31	1,65·45	1,87·05	1,74·63	1,95·00	1,97·00
11. Bihar and Orissa	39·42	36·53	43·09	42·00	45·00	40·00
12. Central Provinces	39·99	36·88	37·06	38·30	38·30	40·00
13. Assam	20·06	17·94	19·78	25·09	21·00	22·00
14. Coorg	·22	·23	·24	·23	·23	·23
TOTAL	12,40·36	13,00·81	12,88·74	13,68·31	13,08·06	13,92·47
MISCELLANEOUS.						
1. Bombay	..	..	..	..	·10	·10
2. Bihar and Orissa	..	..	..	..	·05	·05
3. Central Provinces	..	..	..	..	·02	·02
TOTAL	..	..	..	..	·17	·17
Total Receipts from Taxes on Income	17,19·61	17,66·74	17,54·42	18,67·81	17,51·63	18,83·40
Deduct—Refunds—						
India	*96·75*	*1,48·55*	*1,48·78*	*1,42·02*	*1,51·71*	*1,47·55*
England	*1·21*	*4·64*	*5·47*	..	*·40*	*·27*
Exchange	*·41*	*1·52*	*1·87*	..	..	..
TOTAL REFUNDS	*98·37*	*1,54·71*	*1,56·12*	*1,42·02*	*1,52·11*	*1,47·82*
Deduct—Share of Provincial Governments in Income-tax revenue under the Devolution Rules	*19·76*	*26·10*	*33·33*	*30·74*	*34·90*	*36·00*
Total Revenue of the Central Government	16,01·48	15,85·93	15,64·97	16,95·05	15,64·62	16,99·58
EXPENDITURE.						
India	59·29	57·63	60·67	67·35	65·79	68·54
England	·79	·82	·81	·85	·73	·87
Exchange	·30	·27	·28	·28	..	..
TOTAL	60·38	58·72	61·76	68·48	66·52	69·41
Distributed as follows— Payments to Provincial Governments	11·16	3·62	2·50	2·36	2·48	1·92
Direct expenditure of Central Government	49·22	55·10	59·26	66·12	64·04	67·4

Amount of income-tax revenue payable to Provincial Governments.

	Accounts, 1924-25.	Accounts, 1925-26.	Accounts, 1926-27.	1927-28. Budget.	1927-28. Revised.	Budget, 1928-29.
Madras	1·57	4·27	4·64	5·46	5·20	6·50
United Provinces	..	·03	..	..	..	..
Punjab	1·90	3·82	4·02	3·98	3·50	4·00
Burma	5·90	8·92	14·32	10·20	15·00	14·00
Bihar and Orissa	2·55	2·41	3·25	4·83	3·60	3·50
Central Provinces	2·30	1·36	2·18	1·00	1·60	2·00
Assam	5·54	5·29	4·92	5·27	6·00	6·00
TOTAL	19·76	26·10	33·33	30·74	34·90	36·00

11. The following table shows the distribution by Provinces of the net revenue of the Central Government from super-tax and income-tax, after deducting refunds and the share payable to Provincial Governments under the Devolution Rules :—

	Accounts, 1926-27.	1927-28. Budget.	1927-28. Revised.	Budget, 1928-29.
Madras	1,28	1,45	1,44	1,47
Bombay	3,21	3,55	3,46	3,45
Bengal	5,70	6,24	4,90	6,19
United Provinces	74	83	83	89
Punjab	65	71	69	70
Burma	1,94	1,96	2,06	2,06
Bihar and Orissa	54	43	55	46
Central Provinces	37	41	39	41
Assam	16	23	15	17
Minor Administrations and Non-Civil Departments	1,14	1,14	1,18	1,20
England (including Exchange)	—8	..	..	..
TOTAL	15,65	16,95	15,65	17,60

SALT.

	Revenue (Receipts *less* Refunds).	Expenditure (including Capital Expenditure charged to Revenue).	Net Revenue.
1924-25	7,39·05	1,27·40	6,11·65
1925-26	6,32·97	1,32·24	5,00·73
1926-27	6,69·81	1,24·76	5,45·05
1927-28 Budget	7,00·00	1,31·25	5,68·75
1927-28 Revised	6,75·42	1,25·84	5,49·58
1928-29 Budget	7,00·08	1,25·50	5,74·58

12. The revised estimate of revenue has been put at 25 lakhs less than the budget figure as cash receipts have so far been lagging behind the salt issues. It is expected that this will be made good in the coming year the budget for which has accordingly been taken again at 7 crores.

13. The relevant details are given below.

	Accounts, 1924-25.	Accounts, 1925-26.	Accounts, 1926-27.	1927-28. Budget.	1927-28. Revised.	Budget, 1928-29.
REVENUE.						
Northern India (*a*)	1,42·92	1,29·09	1,58·32	1,72·36	1,61·21	1,67·74
Madras (*a*)	1,94·99	1,47·72	1,43·12	1,49·68	1,48·54	1,51·18
Bombay (*a*)	1,75·40	1,53·67	1,59·72	1,63·07	1,63·92	1,68·61
Bengal (*b*)	2,37·84	1,72·35	1,77·45	1,79·68	1,68·38	1,79·04
Burma (*b*)	34·62	34·19	34·24	34·50	36·76	37·02
Bihar and Orissa	..	·01	..	·01	·01	·01
Assam	·01	·01	·01	·01	·01	·01
TOTAL RECEIPTS	7,85·78	6,37·04	6,72·86	7,05·31	6,78·83	7,03·61
Deduct—Refunds	*46·73*	*4·07*	*3·05*	*5·31*	*3·41*	*3·53*
TOTAL REVENUE	7,39·05	6,32·97	6,69·81	7,00·00	6,75·42	7,00·08
EXPENDITURE.						
Cost of salt purchased by Government	14·47	10·25	12·90	12·64	11·26	8·42
Assignments and compensations	36·38	40·27	38·18	38·24	39·48	39·49
Interest	3·01	3·72	3·89	4·19	4·10	4·26
Depreciation	2·60	2·54	2·66	2·86	2·82	2·74
Other charges	62·87	67·91	61·68	68·17	63·78	66·60
Capital Outlay on salt works	7·20	7·18	4·80	4·56	2·80	2·96
Total India	1,26·53	1,31·87	1,24·11	1,30·66	1,24·24	1,24·47
England	·63	·28	·48	·44	1·59	1·03
Exchange	·24	·09	·17	·15	·01	..
TOTAL	1,27·40	1,32·24	1,24·76	1,31·25	1,25·84	1,25·50

(*a*) Chiefly excise on local manufacture. (*b*) Chiefly duty on imported salt.

OPIUM.

	Provision and medical opium.	Excise opium and miscellaneous (*less* refunds).	Total revenue (Receipts *less* refunds).	Purchase of opium.	Other charges.	Total expenditure.	Net revenue.
1924-25	2,74·97	1,04·79	3,79·76	2,14·82	20·75	2,35·57	1,44·19
1925-26	2,82·76	1,32·24	4,15·00	1,90·30	21·17	2,11·47	2,03·53
1926-27	3,51·49	81·65	4,33·14	85·98	14·46	1,00·44	3,32·70
1927-28 Budget	3,00·07	83·01	3,83·08	75·34	15·25	90·59	2,92·49
1927-28 Revised	2,98·38	81·84	3,80·22	75·37	13·67	89·04	2,91·18
1928-29 Budget	2,65·33	82·44	3,47·77	67·67	13·82	81·49	2,66·28

14. The revenue from opium is derived mainly from exports of what is called provision opium to foreign countries, and from the sale to Provincial Governments of excise opium for internal consumption in India. The latter is sold to Provincial Governments at a fixed price based on the cost of production, and retailed by them to licensed vendors at rates fixed by them which vary from Province to Province. Opium is exported to foreign countries only after the prescribed import certificate from the Government of the importing country is produced. The entire quantity is now exported under the system of direct sales to Foreign and Colonial Governments,

that of auction sales in Calcutta to traders for export to foreign countries having been stopped with effect from the 7th April 1926.

15. The exports of provision opium in the current year are expected to amount to 7,125 chests but will drop to 6,300 chests next year under the arrangement whereby they have to be extinguished not later than the 31st December 1935. This accounts for the fall of 32 lakhs in the budget estimate of revenue in 1928-29. Simultaneously, however, there will be a reduction of 7 lakhs in the payments to cultivators etc., thus reducing the net loss under this head next year to 25 lakhs.

OTHER PRINCIPAL HEADS OF REVENUE AND DIRECT DEMANDS ON THE REVENUES.

		Revenue.	Expenditure.	Net revenue.
1924-25		2,06·93	43·75	1,63·18
1925-26		2,12·60	60·57	1,52·03
1926-27		2,17·50	56·52	1,60·98
1927-28	Budget	2,27·06	56·63	1,70·43
	Revised	2,27·64	55·78	1,71·86
1928-29	Budget	2,20·10	62·34	1,57·76

16. These comprise Land Revenue, Excise, Stamps, Forest, Registration and Tributes from Indian States. The budget estimate of revenue for 1928-29 includes an additional 6 lakhs accruing from forests, principally in the Andamans, and allows for the reduction of 10½ lakhs in the Mysore subsidy. The expenditure estimate of the year is swollen to the extent of 5 lakhs under the head Forest which, however, is more than counterbalanced by the increase in revenue.

IRRIGATION.

		Revenue (Receipts *less* Working expenses).	Expenditure (including Capital expenditure charged to Revenue).	Net Expenditure.
1924-25		10·92	22·36	11·44
1925-26		12·03	20·15	8·12
1926-27		10·25	15·50	5·25
1927-28	Budget	10·36	18·70	8·34
	Revised	10·47	·92	—9·55
1928-29	Budget	12·36	23·10	10·74

17. The revised estimate of expenditure in 1927-28 appears much smaller than it really is owing to the transfer of about 17 lakhs, being the outlay on the Abazai Weir and the Doaba Canals from the accounts of the Upper Swat Canal which has been classed as an unproductive work to the Lower Swat Canal which belongs to the productive category, in other words, a transfer from revenue to capital. Next year's budget excludes this book-keeping adjustment but includes 2½ lakhs for surveys of the possibilities of irrigation in Waziristan and Baluchistan and 1½ lakhs for certain new drainage projects in the North-West Frontier Province.

POSTS AND TELEGRAPHS.

	Accounts, 1924-25.	Accounts, 1925-26.	Accounts, 1926-27.	1927-28. Budget.	1927-28. Revised.	Budget, 1928-29
INDIAN POSTS AND TELEGRAPHS DEPARTMENT.						
GROSS RECEIPTS	9,97·28	10,21·37	10,53 04	10,79·83	10,94·34	11,38·86
WORKING EXPENSES—						
India	8,82·01	9,28·90	9,83·39	10,16·80	10,37·20	10,72·25
England	10·93	6·83	5·45	5·46	7·01	6·97
Exchange	4·09	2·23	1 86	1·82	·03	..
TOTAL	8,97·03	9,37·96	9,90·70	10,24·08	10,44·24	10,79·22
NET RECEIPTS	1,00·25	83·41	62·34	55·75	50 10	59·64
EXPENDITURE CHARGED TO REVENUE—						
Interest	68·60	46·38	52·09	56·51	54·68	59·41
NET REVENUE	31·65	37·03	10·25	—·76	—4·58	·23
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	—56·99	—1,40·87	17·62	20·00	18·30	17·00
England	10·45	..	..	..	..	..
Exchange	3·83	..	..	..	..	..
TOTAL	—42·71	—1,40·87	17·62	20·00	18·30	17·00
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	1,17·56	2,00·50	22·97	49·83	47·79	56·50
England	..	10·03	8·39	7·61	12·91	13·51
Exchange	..	3·26	2·93	2·54	·04	..
TOTAL	1,17·56	2,13·79	34·29	59·98	60·74	70·01
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
GROSS RECEIPTS—						
India	29·38	22·39	17·72	17·15	19·50	19·24
England	8·27	10·58	15·84	14·60	15·60	12·27
Exchange	3·06	3·46	5·40	4·87	·05	..
TOTAL	40·71	36·43	38·96	36·62	35·15	31 51
WORKING EXPENSES—						
India	28·77	31·90	29·34	32·72	31·76	32·21
England	·69	1·20	·98	1·19	1·73	1·57
Exchange	·26	·39	·33	·39	..	..
TOTAL	29·72	33·49	30·65	34·30	33·49	33·78
NET RECEIPTS	10·99	2·94	8·31	2·32	1·66	—2·27
EXPENDITURE CHARGED TO REVENUE—						
Interest	..	4·31	5·16	5·29	5·03	5·21
NET REVENUE	10·99	—1·37	3·15	—2·97	—3·37	—7·48
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	—4·94	—14·10	·86	2·76	3·61	—·01
England	7·35	1·80	·06	·04	·05	·05
Exchange	2·58	·59	·02	·01	..	..
TOTAL	4·99	—11·71	·94	2·81	3·66	·04
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	..	8·40	—3·17	—3·56	—4·06	—3 32
England	..	1·02	1·10	1·20	·88	1·33
Exchange	..	·33	·37	·40	..	..
TOTAL	..	9·75	—1·70	—1·96	—3·18	—1·99

18. The above statement shows the position of both the Indian Posts and Telegraphs Department and the Indo-European Telegraph Department at a glance. The figures appearing as 'Net Revenue' show in both cases the profit or loss on the working on a commercial basis.

19. In the Indian Department, the comparatively large loss in the current year is more than accounted for by the fact that it has been decided in accordance with the recommendations of an expert Committee, to write off certain unserviceable and obsolete stores and to write down to their current value certain over-valued but serviceable stores to the extent of 2·43 lakhs and 5·54 lakhs respectively in excess of the budget provision for the purpose. The estimate of working expenses for next year includes a special provision of 14·18 lakhs for additional expenditure on further measures of improvement of the conditions of service of the lower-paid staff. It also provides, pending actuarial calculations, for an increase, from 50 to 58 lakhs, of the pensionary liability to be made good to the Civil Department, as also for an increase from 29 to 37·66 lakhs of the amount receivable therefrom for work connected with the Post Office Savings Bank and Cash Certificates.

20. The Indo-European Department shows a larger loss next year owing to the fact that its earnings have fallen as a result of the competition of the radio system.

21. The interest chargeable to both the Departments has been calculated throughout with reference to the value of the recently constructed block account as at the 31st March 1925 and the capital outlay subsequently incurred, after taking into account capital receipts as also the profit or loss on the annual working.

INTEREST RECEIPTS.

	Accounts, 1926-27.	Budget, 1927-28.	Revised, 1927-28.	Budget, 1928-29.
India	89·56	70·69	70·14	59·95
England . Interest on temporary investment of cash balances, etc. .	43·11	21·58	19·45	15·36
England . Excess of Gold Standard Reserve over £40 millions . .	1,94·79	1,62·50	2,40·00	2,16·66
Exchange	81·13	61·36	·91	..
Total .	4,08·59	3,16·13	3,30·50	2,91·97

22. The revised estimate of receipts in India for 1927-28 includes 23·67 lakhs on account of un-earned discount on Treasury Bills in the Paper Currency Reserve which were cancelled before maturity. The entire amount of discount was debited to revenue under the Interest head when the bills were issued: at the time of cancellation, only that portion of the discount which was actually earned was taken as currency receipts and the balance re-credited to revenue under this head. The disappearance of this special item, partly counterbalanced by an increase in the interest on loans to the public, accounts for the fall in the next year's budget. The receipts in England have been estimated by the Secretary of State on the basis of the latest information regarding the volume and composition of the Home balances, the prevailing interest rates, etc.

INTEREST PAYMENTS.

	Accounts, 1926-27.	Budget, 1927-28.	Revised, 1927-28.	Budget, 1928-29.
Interest on ordinary debt—				
Gross payments—				
India	19,82·81	20,26·14	19,98·38	20,04·72
England	13,04·13	12,89·18	17,50·10	17,44·79
Exchange	4,44·46	4,29·73	6·11	..
Total	37,31·40	37,45·05	37,54·59	37,49·51
Deduct—Amounts charged to—				
Railways	24,29·80	25,82·64	25,91·59	27,47·02
Irrigation	12·00	12·04	12·02	12·15
Posts and Telegraphs	58·41	62·77	61·23	66·14
Other heads	9·33	13·80	16·61	20·79
Provincial Loans Fund	5,34·61	5,36·05	5,48·30	5,74·50
Total deductions	30,44·15	32,07·30	32,29·75	34,20·60
Total Interest on Ordinary Debt (net)	6,87·25	5,37·75	5,24·84	3,28·91
Interest on other obligations—				
On Postal Savings bank balances	79·21	85·14	87·56	97·84
On Provident Funds	2,26·54	2,29·95	2,23·06	2,50·95
Bonus on Postal Cash Certificates	16·19	16·00	25·00	50·00
On Fixed Deposits of Provincial Governments	20·89	25·00	18·23	18·00
On Reserve and Depreciation Funds	65·94	78·26	85·68	1,09·10
Other items	81·32	90·44	87·10	95·95
Total	4,90·09	5,24·79	5,26·63	6,21·84
Total Interest payments	11,77·34	10,62·54	10,51·47	9,50·75

23. In view of the magnitude of the transactions, the variations in the current year from the budget are inappreciable. The revised estimate is based on the latest anticipations on the Ways and Means side of our budget. The discount on the year's rupee loan (1,07·46 lakhs) and that on the sterling loan (£637,500) have not been charged to revenue at once but will be provided for by the institution of separate discount sinking funds, so that the charge to revenue will be spread over the periods of currency of the loans.

24. The budget estimate for next year includes, over and above normal payments, 75 lakhs for the service of the loan to be raised during the year, 81·25 lakhs being the premium of 5 per cent. payable on the War Bonds, 1928, at maturity, and an additional provision of 25 lakhs for bonus on Cash Certificates in view of the probability of larger encashments. Nevertheless, the net total is about a crore less than in the current year. The steady reduction in these charges will be apparent from the following figures :—

1923-24	15,97
1924-25	14,90
1925-26	13,37
1926-27	11,77
1927-28	10,51
1928-29	9,51

In the five years ending the 31st March 1929, the reduction is fully 40 per cent. and is, among other things, an indication of the extent of the replacement of unproductive by productive debt.

APPROPRIATION FOR REDUCTION OR AVOIDANCE OF DEBT.

25. Under the scheme of debt redemption adopted by the Government of India for the five years 1925-26 to 1929-30, the annual charge against the revenues of India for the purpose of making provision for the reduction or avoidance of debt is made up of—

(*a*) a sum of 4 crores, and

(*b*) such additional sum as is equal to one-eightieth of any excess shown in the total of the debt outstanding on the 31st of March of the preceding year over the total outstanding on the 31st March 1923.

26. The amount required under this scheme is 4,90·30 lakhs in 1927-28, and 5,13·19 lakhs in 1928-29. The figures on which the calculation is based are given below :—

(In lakhs of rupees, sterling amounts being converted at Rs. 15 per £.)

	31st March 1923.		31st March 1927.		31st March 1928 (Estimate.)	
Rupee Debt exclusive of Treasury Bills in the Paper Currency Reserve	3,61,42		3,74,44		3,81,30	
Sterling Debt	3,63,95		4,24,35		4,34,38	
Unfunded Debt	62,56		1,07,62		1,19,22	
Capital value of the liabilities undergoing redemption by way of Terminable Railway Annuities	91,97		84,28		82,19	
		8,79,90		9,90,69		10,17,09
Deduct—						
Discount included above but separately provided for	8,23		14,10		16,02	
Advances to Provincial Governments other than those representing pre-Reform Irrigation debt	24,89		57,57		63,74	
		33,12		71,67		79,76
		8,46,78		9,19,02		9,37,33
Excess over outstanding debt on 31st March 1923				72,24		90,55
$\frac{1}{80}$th of above				90·30		1,13·19

27. These amounts should be increased further by 16·06 and 26·67 lakhs respectively, being the reparation receipts payable by Germany which have to be applied, under section 7 of the Indian Finance Act, 1926, to the reduction or avoidance of debt. The total provision is thus 5,06·36 lakhs in 1927-28 and 5,39·86 lakhs in 1928-29. These figures include the following specific items :—

	Revised, 1927-28.	Budget, 1928-29.
Sinking fund provision for 5 per cent. rupee loans	1,36·04	1,36·04
Capital portion of railway annuities . . .	1,86·50	1,92·28
Railway sinking funds	26·76	26·66
Capital portion of liabilities assumed in respect of British 5 per cent. War Loan 1929—47 . .	71·93	75·24
Reparation receipts	16·06	26·67
TOTAL .	4,37·29	4,56·89

28. The sums provided from revenue on this account from year to year are indicated below. The increase in the five years ending the 31st March 1929 is less than 28 per cent. of the savings in interest on dead-weight debt during the same period (*vide* paragraph 24).

1923-24	3,62
1924-25	3,78
1925-26	4,97
1926-27	4,97
1927-28	5,06
1928-29	5,40

CIVIL ADMINISTRATION.

		Revenue.	Expenditure.	Net Expenditure.
1924-25		73·98	10,12·59	9,38·61
1925-26		89·98	10,76·49	9,86·51
1926-27		86·05	11,13·44	10,27·39
1927-28	Budget	84·21	11,31·39	10,47·18
	Revised	95·34	11,28·16	10,32·82
1928-29	Budget	1,01·32	11,69·45	10,68·13

29. The improvement in revenue in the current year is distributed over a large number of heads including, principally, pilotage receipts in Bengal, receipts of the Kasauli Institute and the Muktesar Laboratory, and of the Survey of India and the Indian Stores Departments.

30. The revised estimate of expenditure in 1927-28 is practically the same as the budget in spite of an increase in the payments of bounties from 5 to 15 lakhs and of an addition of over 7 lakhs under Aviation for the mooring mast at Karachi. This result was rendered possible by a reduction in the expenditure on India House from 8 to 3½ lakhs and smaller savings in various other directions.

31. Next year's expenditure is expected to show an increase of over 41 lakhs notwithstanding the facts that the bounty figure will represent only a small residue of a lakh and that the special item of aviation expenditure referred to in paragraph 30 will disappear. For, besides the annual increments, etc., which are mainly responsible for the increase, we have a rise from 3½ to 17 lakhs in the outlay on India House, an expenditure of 2 lakhs on the Dum-Dum Aerodrome, financial assistance of about 1½ lakhs to Aeroplane Clubs, not to speak of numerous other small items of new expenditure detailed in the volume of Demands for Grants. About 11 lakhs of the increase is, however, nominal, being the result of the change in the method of accounting described in paragraph 34 below.

CURRENCY AND MINT.

	Revenue.	Expenditure.	Net Revenue.
1924-25	3,99·33	71·41	3,27·92
1925-26	4,63·89	70·11	3,93·78
1926-27	4,15·51	76·37	3,39·14
1927-28 Budget	2,48·70	74·85	1,73·85
1927-28 Revised	2,72·97	91·49	1,81·48
1928-29 Budget	2,48·81	69·63	1,79·18

32. The estimates of receipts under this group largely depend upon the transactions connected with the securities in the Paper Currency Reserve and are subject to wide fluctuations. The revised estimate of expenditure includes 6 lakhs for the acquisition of a site for a new currency office at Lahore but, even so, it is much larger than it should have been mainly owing to advance deliveries of currency note forms from England which will practically cease from next year when the Currency Note Printing Press at Nasik Road will commence working. Next year's expenditure is lower for the same reason although it includes 4¾ lakhs for the Electrolytic Silver Refinery at Bombay.

CIVIL WORKS.

	Revenue.	Expenditure.	Net Expenditure.
1924-25	13·21	1,77·73	1,64·52
1925-26	12·85	1,60·42	1,47·57
1926-27	15·79	1,89·74	1,73·95
1927-28 Budget	17·45	1,66·98	1,49·53
1927-28 Revised	15·63	1,62·55	1,46·92
1928-29 Budget	14·41	1,73·31	1,58·90

33. The only variation of importance is in the budget estimate of expenditure for next year where the increase is practically all accounted for by the larger expenditure on the prison at Mach in Baluchistan, *viz.*, 12 lakhs against 1 lakh in 1927-28.

MISCELLANEOUS.

	Revenue.	Expenditure.	Net Expenditure.
1924-25	45·90	4,35·32	3,89·42
1925-26	54·18	4,25·60	3,71·42
1926-27	60·01	3,96·16	3,36·15
1927-28 Budget	46·90	3,97·15	3,50·25
1927-28 Revised	46·49	3,91·74	3,45·25
1928-29 Budget	81·82	4,10·06	3,28·24

34. In the current year, the expenditure falls short of the original estimate due to larger recoveries on account of stationery supplied to, and printing work done for, the Provincial Governments and the Army Department. Next year's figures are swollen on both sides as a result of the alteration, which will come into force on the 1st April 1928, in the method of adjustment of certain recoveries which will appear as receipts instead of as deductions from expenditure. The most important example of this is the recoveries from the Provinces on account of stationery and printing, aggregating 22¼ lakhs. Allowing for such readjustments, the expenditure in the coming year is smaller than it would otherwise have been, because of an increase of 8 lakhs in the receipts from the Posts and Telegraphs Department on account of pensionary liability (*vide* paragraph 19) which, however, will continue to be adjusted as a deduction from expenditure.

PROVINCIAL CONTRIBUTIONS AND MISCELLANEOUS ADJUSTMENTS BETWEEN CENTRAL AND PROVINCIAL GOVERNMENTS.

	Revenue.	Expenditure.	Net Revenue.
1924-25	9,25·21	50·74	8,74·47
1925-26	6,24·09	15·68	6,08·41
1926-27	5,17·75	4·53	5,13·22
1927-28 Budget	..	..	..
1927-28 Revised	10·59	3·47	7·12
1928-29 Budget	..	..	..

35. The revised estimate for the current year on both sides represents recoveries from, and payments to, Provincial Governments in connection with the readjustment of the value of the stocks of non-postal stamps held on the 1st April 1921 and of later supplies from Home which had not been correctly charged at the time.

36. The following table brings out the whole position as regards *permanent* remissions of Provincial contributions which will be completely and finally extinguished in 1928-29 :—

Province.	Fixed contribution.	Remitted in 1925-26.	Remitted in 1926-27.	Remitted in 1927-28.	Now outstanding.	Proposed to be remitted in 1928-29.	Balance not finally remitted.
Madras . . .	3,48	1,26·02	56·79	1,16·46	48·73	48·73	..
Bombay . . .	56	..	..	18·73	37·27	37·27	..
Bengal . . .	63	..	..	8·53	54·47	54·47	..
United Provinces . .	2,40	56·17	32·98	99·25	51·60	51·60	..
Punjab . . .	1,75	61·16	28·11	59·93	25·80	25·80	..
Burma . . .	64	6·65	7·12	31·60	18·63	18·63	..
Central Provinces . .	22	..	..	7·67	14·33	14·33	..
Assam . . .	15	..	..	7·83	7·17	7·17	..
Coorg . . .	·12	..	..	·12	..	..	..
TOTAL .	9,88·12	2,50	1,25	3,50·12	2,58	2,58	..

37. The *temporary* remissions hitherto granted are also summarised below for convenience of reference :—

Province.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.
Madras	..	..	..	..	..	48·73
Bombay	..	..	..	22	28	37·27
Bengal	63	63	63	63	63	54·47
United Provinces	..	..	..	..	..	51·60
Punjab	..	..	..	..	..	25·80
Burma	..	..	..	13	..	18·63
Central Provinces	..	..	..	9	..	14·33
Assam	..	..	..	6	..	7·17
Total .	63	63	63	1,13	91	2,58

In effect, the remission has been permanent for Bengal from 1922-23 and for all the other Provinces from 1927-28.

EXTRAORDINARY ITEMS.

	Accounts, 1926-27.	1927-28.		Budget, 1928-29.
		Budget.	Revised.	
Receipts—				
India	15·38	1,71·65	1,68·73	..
England	33·47	12·00	16·00	26·67
Exchange	11·25	4·00	·06	..
TOTAL . .	60·10	1,87·65	1,84·79	26·67
Payments—				
India	2,99·21	7·00	18·87	4·50
England	..	..	..	..
Exchange	..	..	..	..
TOTAL . .	2,99·21	7·00	18·87	4·50

38. The receipt in India in 1927-28 represents the transfer from the Revenue Reserve Fund which will show a credit balance of 1,26·90 lakhs at the close of the year (*vide* paragraphs 2 and 3), while the receipts in England in both years represent India's share of the Dawes annuities which, however, will be appropriated for the reduction or avoidance of debt (*vide* paragraph 27).

39. The revised estimate of expenditure includes two adjustments, one of 8·91 lakhs on account of certain expenditure incurred in Persia during the war and another of 6·96 lakhs in respect of certain claims made by His Majesty's Government for vessels requisitioned during the same period for the carriage of commercial cargo.

EXCHANGE.

40. From the 1st April 1920 to the 31st March 1927, the accounts were prepared on the basis of the rate of 2*s.* per rupee for the conversion of rupee transactions into sterling and *vice versa*. The sterling value of the rupee, however, stood at a lower level in recent years. In consequence of this variation from the 2*s.* rate, large sums were brought to account as credits or debits on account of exchange in respect of transactions involving remittances of funds to and from the Secretary of State. These were purely book-keeping transactions. Under that system, there was an accounts 'gain' by exchange when the Home remittances through the market were less than the amounts required by the Secretary of State for his aggregate net disbursements owing to the latter having been financed partly from other sources, *e.g.*, a sterling loan floated in London. Similarly there was an accounts 'loss' when the remittances were greater in order to meet the demands of trade. These 'gains' and 'losses' fluctuated within very wide limits as will

be seen from the following statement balances at the end of each of the financial years from 1919-20 onwards :—

	Credit +, Debit —
31st March 1920	+5,23
,, ,, 1921	—22,85
,, ,, 1922	—11,48
,, ,, 1923	+5,47
,, ,, 1924	+8,55
,, ,, 1925	+5,40
,, ,, 1926	+1,31
,, ,, 1927	+12,44

41. The procedure for the allocation of exchange gains and losses was as follows. All exchange gains and losses arising in respect of remittance transactions were recorded in the first instance under a suspense head ; the portion attributable to the revenue and capital accounts in respect of outlay incurred in England was calculated every month on the basis of the average of the daily telegraphic transfer rates from Calcutta on London and transferred to these accounts, and the portion relating to the expenditure of Provincial Governments was similarly debited to the Provincial Governments concerned; and it was considered with reference to the circumstances of each year whether the balance remaining under the suspense head after these transfers were made should be written off to revenue or kept in suspense against the possibility of opposite results in succeeding years.

42. The entire procedure outlined above will need reconsideration as a result of the fixation of exchange at 1*s.* 6*d.* the rupee with effect from the 1st April 1927. For the purposes of the present estimates, the old procedure has been maintained but 1*s.* 6*d.* has been taken in place of the old 2*s.* rate. In the current year, however, the average rate is expected to work out at 1*s.* $5\frac{15}{16}$*d.* But the variation between this rate and the statutory and normal accounts rate of 1*s.* 6*d.* being small, the gains and losses are comparatively inappreciable. The budget estimate for the ensuing year assumes an average rate of 1*s.* 6*d.* and, therefore, no gains or losses. The estimate for 1927-28 is as follows :—

Loss on :	
Remittances from India for financing the Home Treasury	—1
Total Loss	—1
Transfer to :	
Revenue heads (net)	11
Capital heads (Railways, Posts and Telegraphs, Delhi, etc.)	5
Provincial Governments	1
Total Transfers	17
Net Credit under the suspense head	18
Opening balance	12,44
Closing balance	12,62

WAYS AND MEANS.

HOME TREASURY.

43. The bulk of the payments made in England on account of the Government of India consists of expenditure chargeable to the Indian revenues and has normally to be met by direct remittance of funds from India. The capital outlay on the construction of Railways, however, sometimes necessitates heavy borrowing and a large portion of the money required has, when necessary, been raised in England, either direct or through the agency of Companies. Operations connected with the Gold Standard and Paper Currency Reserves, and with the replacement of one particular form or item of direct or indirect debt by another, further swell the receipts and charges of the Home Treasury without affecting ordinarily the general Ways and Means programme. Recoveries are also effected by the Secretary of State against drawings of the Iraq administration on India. These recoveries represent, in effect, remittances from India to finance the Home Treasury and reduce the amount of direct remittances which would otherwise be necessary.

44. The following is a summary of the estimated transactions of the Home Treasury :—

[In millions of £]

	Budget, 1927-28.	Revised, 1927-28.	Budget, 1928-29.
RECEIPTS.			
1. Discount on loans raised in previous years brought to account as debt incurred	·22	·22	·24
2. Remittances between England and India—			
(*a*) Recoveries on account of drawings by Iraq administration on India	1·05	·81	·76
(*b*) Other transactions	1·28	3·24	1·31
Total Receipts, excluding direct remittances and loans	2·55	4·27	2·31
DISBURSEMENTS.			
3. Excess of Expenditure of the Central Government over Revenue	24·56	24·02	24·65
4. Disbursements on behalf of Provincial Governments	2·43	2·51	2·85
5. Capital Expenditure not charged to Revenue—			
(*a*) Outlay on State Railways	8·50	9·37	6·50
(*b*) Discharge of Railway debentures	·55	·50	..
(*c*) Redemption of liabilities involved in the purchase of Railways	..	..	3·00
(*d*) Other items	·19	·19	·23
6. Discharge of Debt	2·13	2·14	2·21
7. Deposits and Advances	—·08	·32	—·04
Total Disbursements	38·28	39·05	39·40
NET DISBURSEMENTS	35·73	34·78	37·09
Remittances from India (net)	35·50	30·74	36·00
New Loan (less discount)	..	6·86	..
Reduction (+) or increase (—) of cash balance	·23	—2·82	1·09
Opening Balance	5·24	3·23	6·65
Closing Balance	5·01	6·05	4·96

45. Item 2 (*a*) has already been explained in paragraph 43. Normally, the succeeding item relating to 'Other transactions' is almost entirely made up of recoveries from the Governments of Hong-Kong, the Straits Settlements and Siam in respect of opium supplied from India under agreement, the other indirect remittances to and fro practically balancing one another. The revised estimate for 1927-28, however, includes a special item of £1·08 million representing the sale proceeds of currency silver.

Item 5 (*b*) represents the net amount of railway debentures discharged, while 5(*c*) represents the payment for the purchase of the Burma Railways.

The amount shown under the head 'Discharge of Debt' includes the provision for railway sinking funds and the capital portion of railway annuities and of the equated instalments in repayment of the war loan liability. These payments are made out of the provision for reduction or avoidance of debt.

46. The total amount required to be remitted to London for financing the Home Treasury in the current year is £30¾ million while the corresponding amount for next year is £36 million. These, however, are only illustrative figures, representing the remittances necessary to provide the Home Treasury with a normal closing balance. The actual amount of remittance must, like the form, necessarily depend upon circumstances.

47. Six months' India Bills for £5 million were issued in July 1927 but have since been discharged. The statement does not therefore show any entry on this account. A 4½ per cent. sterling loan, 1958—68, of £7½ million was raised in January 1928 at a discount of 8½ per cent. The net receipts on this account amount to £6·86 million.

48. The Gold Standard Reserve usually stands at £40 million, any excess resulting from investments, etc., being transferred monthly to Revenue. The receipts and charges in the two years are as follows :—

(In millions of £.)

	Revised, 1927-28.	Budget, 1928-29.
Dividends, interest, etc.	1·74	1·64
Investments realised.	57·94	50·66
TOTAL	59·68	52·30
Investments made	57·46	50·68
Deposit of gold	·42	..
Appropriation to Revenue.	1·80	1·62
TOTAL	59·68	52·30

INDIA.

49. The following is a summary of the estimates of Ways and Means in India during 1927-28 and 1928-29 :—

(In crores of rupees.)

	Budget, 1927-28.	Revised, 1927-28.	Budget, 1928-29.
RECEIPTS.			
1. Excess of Revenue of the Central Government over expenditure charged to Revenue	24·56	32·03	32·92
2. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net)	5·40	4·18	·3·28
(b) Savings Bank deposits (net)	6·18	7·54	8·42
3. Appropriation for reduction or avoidance of debt	5·24	5·17	5·57
4. Gain on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve (net)	..	7·06	..
5. Railway Reserve and Railway and Posts and Telegraphs Depreciation Funds	4·47	5·78	6·84
6. Exchange on Remittance Accounts	—·52	·18	..
7. Miscellaneous Deposits and Remittances (net)	—·34	·36	1·38
TOTAL RECEIPTS	44·99	62·30	58·41
DISBURSEMENTS.			
8. Capital Expenditure not charged to Revenue—			
(a) State Railways	16·50	17·50	15·33
(b) Discharge of railway debentures	·18	..	..
(c) Posts and Telegraphs	·49	·44	·53
(d) Delhi	·67	·48	·70
(e) Bombay Land scheme	..	·21	2·05
(f) Other items	·85	·93	·78
9. Revenue Reserve Fund	1·72	1·69	..
10. Permanent Debt discharged (net)	17·87	21·68	16·52
11. Floating Debt discharged (net)	..	·53	..
12. Loans by the Central Government—			
(a) To Provincial Loans Fund	1·24	6·17	6·87
(b) Other Loans	1·79	1·41	1·30
13. Remittances between England and India—			
(a) Remittances from India for financing Home Treasury	35·50	41·00	48·00
(b) Drawings by the Iraq administration recoverable in England	1·05	1·08	1·01
(c) Other transactions (net).	1·32	4·32	1·74
14. Balances of Provincial Governments	2·76	—1·53	—3·67
TOTAL DISBURSEMENTS	81·94	95·91	91·16
NET DISBURSEMENTS	36·95	33·61	32·75
New Loan (less discount)	27·00	18·47	32·00
Reduction of cash balance	9·95	15·14	·75
Opening Balance	24·74	27·88	12·74
Closing Balance	14·79	12·74	11·99

50. Item 4 is made up as follows :—

Gain on the revaluation of the gold and sterling securities in the Paper Currency Reserve at 1*s.* 6*d.* the Rupee	9,30
Loss on the sale of 9·19 million fine ounces of silver held in the Reserve	—1,27
Loss on the transfer of 3½ per cent. paper of the nominal value of 5·1 crores from the Reserve to the Cash Balance Investment Account at market rates	—97
Net gain .	7,06

51. Item 8 (*e*) represents payments to the Government of Bombay for reclaimed land at Colaba already taken over and to be taken over for the use of the Military Department. It was intended to pay for this land out of the sale-proceeds of certain properties held by that Department in Bombay but in view of the recent slump in land values, such sale at the present moment would not be in the interests of the tax-payer. The whole question is under the consideration of the Government of India and the provision under the new capital head is without prejudice to any decision which may be arrived at in due course. The total amount payable *viz.*, 2·26 crores will be repaid by the Bombay Government into the Provincial Loans Fund in reduction of the outstanding advances of the year 1922-23 and on the whole, therefore, the ways and means position of the Government of India remains unaffected by the transaction.

52. The estimates of Provincial Governments' transactions—*vide* items 12 (*a*) and 14—are based on the assumption that the net drawings from the Central Government in India and England, including those in the shape of advances through the Provincial Loans Fund, will be 8 crores in the current year and 7 crores in the next. They allow for the repayment by the Bombay Government referred to in the preceding paragraph, as also for the fact that the Provincial contributions will be completely and finally extinguished with effect from 1928-29.

53. Full details of the debt incurred and discharged are given in statement C of the Budget. Out of the net amount of 21·68 crores shown as discharged in the current year, 17·30 crores represent 6 per cent. Bonds, 1927, which have been either converted into the new loan or discharged on maturity and 4·12 crores represent 5½ per cent. War Bonds, 1928, so converted. The net amount of 16·52 crores similarly shown in the budget for 1928-29 include 16·25 crores of the latter which mature during the year. The balance of treasury bills outstanding with the public at the close of both this year and next is estimated at 9 crores, while that in the Paper Currency Reserve is expected to stand at 31·94 crores against 41:47 crores on the 31st March 1927.

54. The result of the current year's rupee loan which was a 4 per cent. loan issued at 94½, is summarised below for ready reference :—

(In crores of rupees.)

Subscriptions in cash	8·21
Subscription in the form of 6 per cent. Bonds, 1927 . .	7·21
Subscription in the form of 5½ per cent. War Bonds, 1928	4·12
Total nominal value . .	19·54

The amount of the new loan estimated for next year has been shown separately at 32 crores inclusive of conversions. The figure is, however, again illustrative only and the actual amount and other details will depend upon the circumstances of the time.

55. Before concluding, I will refer to certain matters of form connected with the budget statements, the detailed estimates, and this memorandum. The statements have been signed by me in one place instead of by the Auditor General, the Controller of the Currency and the Financial Secretary in four different places as in the past. The change does not mean the relaxation of any of the checks exercised by the two former officials, which continue exactly as heretofore, but is designed to spare them the inconvenience of having to be present in Delhi on the day of presentation of the budget when their presence may be required elsewhere. The second change is in the size of the detailed statements relating to the Posts and Telegraphs and the Military estimates from foolscap to the more handy octavo and their form also is now generally in harmony with the plan adopted in connection with the Demands for Grants two years ago. The third and last change is the insertion, in this memorandum, of the statement which appears as Appendix II and shows the distribution of the Central Government's expenditure as between voted and non-voted. A similar statement was inserted in the final issue of last year's memorandum which was embodied in the published volume of the Budget for 1927-28 with reference to certain points made in the course of the general discussion of the budget in the Legislative Assembly in March 1927. Notwithstanding the alterations made in the classification as a result of the passing of the Government of India (Civil Services) Act, 1925, the proportion which the expenditure subject to the vote of the Assembly bears to the aggregate expenditure of the Central Government remains practically unchanged.

E. BURDON.

The 31st March 1928.

APPENDIX I.

Memorandum on the Military Estimates for 1928-29.

The Military Estimates for 1928-29 have been prepared in the same form as those for 1927-28 which took into account the alterations necessitated by the reversion to a cash system of estimates and accounts, except that as a further improvement and in conformity with the Demands for Grants, the volume of the estimates has been reduced to Royal Octavo size.

Under the revised rules for the exhibition of recoveries of expenditure which have effect from April 1928, some of the recoveries now compiled by deduction from expenditure will be treated as receipts (revenue). The result of the new procedure has been allowed for in the estimates for 1928-29 in which consequently both the expenditure and receipts figures are comparatively larger. The net expenditure remains unaffected.

2. Since 1921-22 substantial reductions have been effected in the expenditure on the military services. The actual net expenditure as shewn in the final accounts or as estimated, where the accounts are not yet closed, is indicated in the following statement :—

	Rs. (Crores).
1921-22	69·81
1922-23	65·27
1923-24	56·23
1924-25	55·63
1925-26	56·00
1926-27	55·97
1927-28 (Budget Estimate)	54·92(*a*)
1927-28 (Revised Estimate)	54·92(*b*)
1928-29 (Budget Estimate)	55·10(*a*)

3. In the first of the years shown above, expenditure was swollen by abnormal charges of Rs. 6½ crores on operations on the North-West Frontier and the occupation of Waziristan. The Indian Retrenchment Committee, after their exhaustive examination of every aspect of military administration, recommended that the net budget for 1923-24 should be fixed at Rs. 57¾ crores, subject to such addition as would be necessary on account of the delay which must necessarily ensue in carrying out the proposed changes, and in order to meet special expenditure in Waziristan, etc. In their final review of Military expenditure, they envisaged further large automatic savings and they considered that, in subsequent years, expenditure would be susceptible of reduction to Rs. 57 crores and ultimately to Rs. 50 crores provided a further fall in prices took place. The actual expenditure in the year 1923-24 amounted to Rs. 56·23 crores, largely due to the rapidity with which retrenchments were effected under the orders of His Excellency the Commander-in-Chief; and the first stage of Rs. 57 crores mentioned by the Retrenchment Committee was thus passed in the first year.

4. The figure of Rs. 56·23 crores for the year 1923-24 included heavy expenditure on gratuities to demobilised officers and in Waziristan, but these abnormal items were counterbalanced by credits from the proceeds of sale and utilisation

(*a*) Includes sterling expenditure converted into rupees at *1s. 6d.* = 1 R.

(*b*) Includes sterling expenditure converted into rupees at *1s. 5 1/32d.* = 1 R.

of surplus stores. The Budget for the year 1923-24 allotted a net sum of 62 crores for Military services. This was reduced in the Budget for 1924-25 to 60¼ crores, but by the time when the Budget for 1925-26 was under consideration, the actual effect of the retrenchment operations, which it had been difficult to gauge in advance, had become apparent, and it was possible to reduce the budget provision for 1925-26 to Rs. 56·25 crores net. Further reductions have been made in subsequent Budgets. The following table brings out the results achieved from 1921-22 at a glance :—

Net expenditure on Military services.

(In crores of Rupees.)

	1921-22.	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
Budget Estimate . .	66·82	67·75	62·00	60·25	56·25	54·88	54·92	55·10
Revised Estimate . .	69·35	67·09	59·74	56·33	56·28	55·55	54·92	
Actual expenditure . .	69·81	65·27	56·23	55·63	56·00	55·97	..	

5. In each year from 1923-24, the expenditure is well below the Retrenchment Committee's figure of Rs. 57 crores. It will be realised that, with the heavy commitments for expenditure in England which are provided for in the Military estimates, a considerable part of the reduction below Rs. 57 crores is attributable to the present favourable rates of exchange, the Retrenchment Committee having worked on a basis of 1*s.* 4*d.* = 1R ; but certain additions have been made to the Military Budget of which the Retrenchment Committee did not take cognisance, *i.e.*, the provision of about half-a-crore of rupees for the revision of pay and grant of free passages to officers of the Army, and the transfer to Military estimates from the civil estimates of certain expenditure estimated in 1928-29 at Rs. 47 lakhs which is more properly accounted for under the former. The transfers which are taken into account in the Budget of 1928-29 are as follows :—

(Thousands of rupees.)

(1) Payments to Telegraph Department for care of Army stores	29
(2) Customs Duty	31,16
(3) Printing and Stationery	16,65
(4) Payments from the Compassionate Fund to personnel employed in the Military Department . . .	9
(5) Payments to the Public Works Department, Delhi for rent of buildings	40
	48.59

On the other hand, the following items have been transferred from the military to the civil estimates :—

(1) Establishment of the Deputy Financial Adviser, Royal Air Force	43
(2) Establishment of the Budget Section, Military Finance	42
(3) Charges for the Nepal Escort	49
(4) Charges for the Perim Light House and the Coal Depots at Basidu and Bushire	24
	1,58

The net debit to the Military estimates by these interchanges is Rs. 47·01 lakhs.

6. The following is a brief summary of the main points affecting the major heads of the estimates. The variations in detail will be found described against each head in the volume of detailed estimates. By economising expenditure in certain directions, it has been possible to provide in the Budget Estimate for 1928-29 a sum of approximately 1 crore of rupees for the introduction of new measures for improving the efficiency of the Army and bringing its equipment up to date.

Part A-I.—Maintenance of the Standing Army.

(In thousands of rupees.)

	Gross Expenditure.	Receipts.	Net.
Budget, 1927-28 . . .	19,83,22	8,38	19,74,84
Revised, 1927-28 . . .	19,79,07	10,39	19,68,68
Budget, 1928-29 . . .	19,56,88	9,59	19,47,29

This most important head in the Army Estimates records the pay and other cash charges in the fighting units constituting the Standing Army in India. The decrease in the Budget Estimate, 1928-29 represents mainly savings due to larger numbers of British Troops coming out to India on the reduced rates of pay, partly counter-balanced by smaller anticipated shortages in establishments, etc.

7. *Part A-II.*—Administrative Services.

(In thousands of rupees.)

	Gross Expenditure.	Receipts.	Net.
Budget, 1927-28 . . .	6,92,86	17,84	6,75,02
Revised, 1927-28 . . .	6,57,09	18,13	6,38,96
Budget, 1928-29 . . .	7,22,33	11,27	7,11,06

The Budget Estimate, 1928-29 includes (1) all charges for all Accounts Offices and establishments including those for Royal Air Force, Marine and Military Engineer Services, corresponding reductions being made under Head VII of Part A, and Part C of Army, Marine and under M. E. S., and (2) the provision of Rs. 18 lakhs under special emergency grant for new measures. The decrease in the Revised Estimate, 1927-28 is due mainly to shortages in authorised establishments of ancillary services.

8. *Part A-III.*—Manufacturing Establishments.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Budget, 1927-28 . . .	3,93,66	4,47	3,89,19
Revised, 1927-28 . . .	3,75,35	3,71	3,71,64
Budget, 1928-29 . . .	3,63,68	3,70	3,59,98

Under this head are recorded the expenses of Medical Store Depots, Bakeries, Butcheries, Ordnance and Clothing Factories, Grass Farms and Dairy Farms which are all treated as producing and manufacturing formations in the Army. The decreases in the Revised Estimate, 1927-28 and Budget Estimate 1928-29 are due mainly to smaller purchase of material and smaller labour charges based on demands on Factories.

9. *Part A-IV.*—Army Head Quarters, Staff of Commands, etc.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Budget, 1927-28 . . .	2,09,36	..	2,09,36
Revised, 1927-28 . . .	2,13,50	..	2,13,50
Budget, 1928-29 . . .	2,10,83	..	2,10,83

The increases in the Revised Estimate, 1927-28 and Budget Estimate, 1928-29 are due mainly to provision for larger debits by the Civil Department for printing and stationery supplies for the Army.

10. *Part A-V.*—Purchase and sale of stores, Equipment and Animals.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Budget, 1927-28 . . .	5,16,28	32,95	4,83,33
Revised, 1927-28 . . .	4,66,76	6,21	4,60,55
Budget, 1928-29 . . .	6,08,34	1,20,84	4,87,50

Provision has been made in the Budget Estimate for 1928-29 on the basis of anticipated requirements, less credits from sale of stores. The decrease in the Revised Estimate, 1927-28 is due partly to a readjustment of a charge made in previous years.

11. *Part A-VI.*—Special Services.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Budget, 1927 28 . . .	2,26	..	2,26
Revised, 1927-28 . . .	3,16	..	3,16
Budget, 1928-29 . . .	14	..	14

The large reduction in the provision for 1928-29 is due to the fact that charges on account of surplus officers of the Indian Army who were retired in 1922 and 1923 will not be incurred after 1927-28.

12. *Part A-VII.*—Transportation, Conservancy, Anti-Malarial Measures; Hot Weather Establishments and Miscellaneous Charges and Receipts.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Budget, 1927-28 . . .	3,36,27	19,82	3,16,45
Revised, 1927-28 . . .	3,47,34	21,26	3,26,08
Budget, 1928-29 . . .	2,95,79	20,51	2,75,28

The Revised Estimate for 1927-28 includes provision for an abnormal item, *viz.*, the loss in connection with the winding up of the Army Canteen Board. Both Revised, 1927-28 and Budget, 1928-29 anticipate smaller payments to the Board of Trade for transport of troops to and from India.

13. *Part A-VIII.*—Non-effective charges and receipts.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Budget, 1927-28 . . .	8,29,36	26,71	8,02,65
Revised, 1927-28 . . .	8,30,76	35,96	7,94,80
Budget, 1928-29 . . .	8,37,05	33,49	8,03,56

More receipts than provided in the Budget Estimate, 1927-28 are anticipated both in India and in England. The increase in gross expenditure is due to more admissions than casualties of pensioners.

14. *Total Part A.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Budget, 1927-28 . . .	49,63,27	1,10,17	48,53,10
Revised, 1927-28 . . .	48,73,03	95,66	47,77,37
Budget, 1928-29 . . .	49,95,04	1,99,40	47,95,64

15. *Part B.*—Auxiliary and Territorial Forces.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Budget, 1927-28 . . .	86,10	..	86,10
Revised, 1927-28 . . .	83,20	4	83,16
Budget, 1928-29 . . .	93,82	..	93,82

An additional provision of Rs. 10 lakhs for the Territorial Force has been made in Budget, 1928-29 to meet the cost of the recommendations of the Auxiliary and Territorial Forces Committee which have been accepted by Government. Otherwise, both Revised, 1927-28 and Budget, 1928-29 show decreases as compared with Budget, 1927-28 due mainly to shortages of establishments and smaller numbers coming up for training.

16. *Part C.*—Royal Air Force.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Budget, 1927-28 . . .	1,85,54	39	1,85,15
Revised, 1927-28 . . .	1,61,10	49	1,60,61
Budget, 1928-29 . . .	2,28,07	1,57	2,26,50

The Revised Estimate, 1927-28, takes into account a credit to Army Estimates, in consequence of a readjustment of charges made in previous years, of Rs. 20 lakhs. The Budget Estimate for 1928-29 includes Rs. 57 lakhs for the extra initial and recurring cost of two new squadrons of the Air Force. Provision in Budget, 1928-29 for the cost of the Air Force Accounts office has been transferred from Part C to Part A of Army (see pages 142 and 143 of the detailed estimates).

17. *Deduct lump cut for probable saving and underspending.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Budget, 1927-28 . .	80,00	..	80,00
Revised, 1927-28 . .	..	..	..
Budget, 1928-29 . .	34,00	..	34,00

18. *Total Army.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Budget, 1927-28 . . .	51,54,91	1,10,56	50,44,35
Revised, 1927-28 . . .	51,17,33	96,19	50,21,14
Budget, 1928-29 . . .	52,82,93	2,00,97	50,81,96

19. *Marine.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Budget, 1927-28 . . .	80,60	12,60	68,00
Revised, 1927-28 . . .	83,36	17,45	65,91
Budget, 1928-29 . . .	85,19	16,76	68,43

The expenditure on account of capital developments in connection with the reorganisation of the Royal Indian Marine to be met from Suspense funds, *viz.*, sale proceeds of the Kidderpore Dockyard, has been taken at Rs. 1·50 lakhs in the Budget Estimate, 1927-28, Rs. 10·32 lakhs in the Revised Estimate, 1927-28 and Rs. 10·73 lakhs in the Budget Estimate, 1928-29.

20. *Military Engineer Services.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Budget, 1927-28 . . .	4,36,98	57,33	3,79,65
Revised, 1927-28 . . .	4,40,15	35,20	4,04,95
Budget, 1928-29 . . .	4,36,00	76,39	3,59,61

The increase in Net expenditure in the Revised Estimate, 1927-28 is nominal and is due mainly to the cost of building and electrification programme for troops in 1927-28 being met fully from savings under Army heads, the credit of Rs. 20 lakhs earmarked in the Budget Estimate for 1927-28, from the funds lying in deposit in the suspense account by accrual from sale of old or surplus buildings, not being required. On the other hand, these funds will be drawn to the extent of Rs. 40·5 lakhs in 1928-29 to meet the expenditure on the similar programme in that year. In the Budget Estimate for 1928-29 provision for the cost of accounts clerks has been transferred from M. E. S. to Part A of Army (see pages 136 and 141 of the detailed estimates) in consequence of transfer of the men to the Military Accounts Department.

21. Statements are appended to this Memorandum which give actual and estimated gross and net expenditure figures from 1924-25 under Army, Marine, Military Engineer Services and also the totals. The figures for Army from 1924-25 to 1926-27 cannot be classified under the new heads adopted from 1927-28.

22. If Honourable Members desire any further information on the details of the Military Budget, they are invited to obtain it by personal request to the Financial Adviser, Military Finance.

A. MACLEOD,

Officiating Financial Adviser, Military Finance.

NEW DELHI :

The 31st March 1928.

ARMY.

		Actuals, 1924-25.	Actuals, 1925-26.	Actuals, 1926-27.	1927-28. Budget.	1927-28. Revised.	Budget, 1928-29.
EXPENDITURE.							
In India—							
Part A.—Standing Army.							
Effective Services.		R	R	R	R	R	R
Maintenance of the Standing Army.					17,03,98,930	16,05,44,000	15,79,37,110
Administrative services					6,52,39,060	6,66,32,000	6,70,63,150
Manufacturing establishments					3,19,27,610	2,89,48,000	2,73,29,380
Army Headquarters, Staff of Commands, etc.					2,02,36,020	2,03,10,000	2,00,96,350
Purchase and sale of stores, equipment and animals					4,38,38,030	3,93,56,000	5,30,93,960
Special Services					65,800	40,000	14,060
Transportation, conservancy, anti-malarial measures, hot weather establishments and miscellaneous					2,69,36,550	2,81,58,000	2,25,12,060
TOTAL—*EFFECTIVE*	R				35,86,42,000	33,79,88,000	34,80,45,000
Non-Effective Services.							
Non-effective charges	R				4,71,97,000	3,46,52,000	3,45,53,000
Part B.—Auxiliary and Territorial Forces—Effective	R				86,10,000	83,20,000	93,82,000
Part C.—Royal Air Force (Effective	R				1,35,57,000	1,09,41,000	1,26,74,000
Part C.—Royal Air Force (Non-Effective	R				52,000	2,000	4,000
	R				1,36,09,000	1,09,43,000	1,26,78,000
Deduct—							
(1) Probable savings in connection with the introduction of new measures					...	...	*16,00,000*
(2) Lump cut for under-spending					*80,00,000*	...	*18,00,000*
TOTAL INDIA. (Effective	R	39,73,36,326	41,17,74,810	41,51,71,950	37,28,09,000	35,72,49,000	36,67,01,000
TOTAL INDIA. (Non-Effective	R	5,10,79,766	4,55,64,772	4,66,10,496	4,72,49,000	3,46,54,000	3,45,57,000
		44,84,16,092	45,73,39,582	46,17,82,446	42,00,58,000	39,19,03,000	40,12,58,000
		£	£	£	£	£	£
EXPENDITURE.							
England—							
Part A.—Standing Army.							
Effective Services.							
Maintenance of the Standing Army.					2,792,300	2,802,200	2,831,300
Administrative services					404,700	380,800	387,800
Manufacturing establishments					743,900	644,000	677,900
Army Headquarters, Staff of Commands, etc.					70,000	78,000	74,000
Purchase and sale of stores, equipment and animals					779,000	549,000	580,500
Carried over	£				4,789,900	4,454,000	4,551,500
Carried over	R	44,84,16,092	45,73,39,582	46,17,82,446	42,00,58,000	39,19,03,000	40,12,58,000

ARMY—*contd.*

		Actuals, 1924-25.	Actuals, 1925-26.	Actuals, 1926-27.	1927-28. Budget.	1927-28. Revised.	Budget, 1928-29.
Brought forward	R	44,84,16,092	45,73,39,582	46,17,82,446	42,00,58,000	39,19,03,000	40,12,58,000
	£				4,789,900	4,454,000	4,551,500
Special Services	£				16,000	20,700	...
Transportation, conservancy, anti-malarial measures, hot weather establishments and miscellaneous	£				669,000	493,200	530,000
TOTAL—*EFFECTIVE*	£				5,474,900	4,967,900	5,081,500
Non-Effective Services.							
Non-effective charges	£				3,573,900	3,631,800	3,686,400
Part C.—Royal Air Force—Effective	£				479,500	371,700	745,700
Non-Effective	£				15,000	15,800	14,000
TOTAL, PART C					494,500	387,500	759,700
	£	9,823,999	9,704,375	9,668,842	9,543,300	8,987,200	9,527,600
TOTAL ENGLAND—Effective	R	6,13,81,504	6,58,13,052	6,14,87,393	5,95,44,000	7,11,95,000	7,76,96,000
TOTAL ENGLAND—Non-Effective	R	3,68,58,484	3,12,29,714	3,52,01,033	3,58,89,000	4,86,35,000	4,93,39,000
	R	9,82,39,988	9,70,42,766	9,66,88,426	*9,54,33,000	*11,98,30,000	12,70,35,000
TOTAL EXPENDITURE—Effective	R	45,87,17,830	47,75,87,862	47,66,59,343	43,23,53,000	42,84,44,000	44,43,97,000
TOTAL EXPENDITURE—Non-Effective	R	8,79,38,250	7,67,94,486	8,18,11,529	8,31,38,000	8,32,89,000	8,38,96,000
	R	54,66,56,080	55,43,82,348	55,84,70,872	51,54,91,000	51,17,33,000	52,82,93,000
REVENUE.							
India—Effective	R	2,91,85,681	2,86,15,581	3,10,66,459	64,89,000	35,15,000	1,42,36,000
India—Non-Effective	R	19,99,085	15,73,770	19,72,526	15,52,000	14,84,000	12,29,000
India—TOTAL	R	3,11,84,766	3,01,89,351	3,30,38,985	80,41,000	49,99,000	1,54,65,000
England	£	473,291	300,655	369,771	301,500	346,500	347,400
England—Effective	R	36,41,412	26,55,816	25,79,397	18,96,000	25,08,000	25,12,000
England—Non-Effective	R	10,91,490	6,50,731	11,18,415	11,19,000	21,12,000	21,20,000
England—TOTAL	R	47,32,902	33,06,547	36,97,712	*30,15,000	* 46,20,000	46,32,000
TOTAL REVENUE—Effective	R	3,28,27,093	3,12,71,397	3,36,45,756	83,85,000	60,23,000	1,67,48,000
TOTAL REVENUE—Non-Effective	R	30,90,575	22,24,501	30,90,941	26,71,000	35,96,000	33,49,000
TOTAL REVENUE—TOTAL	R	3,59,17,668	3,34,95,898	3,67,36,697	1,10,56,000	96,19,000	2,00,97,000
NET EXPENDITURE—India	R	41,72,31,326	42,71,50,231	42,87,43,461	41,20,17,000	38,69,04,000	38,57,93,000
NET EXPENDITURE—England	R	9,35,07,086	9,37,36,219	9,29,90,714	*9,24,18,000	*11,52,10,000	12,24,03,000
	Effective R	42,58,90,737	44,63,16,465	44,30,13,587	42,39,68,000	42,24,21,000	42,76,49,000
	Non-Effective R	8,48,47,675	7,45,69,985	7,87,20,588	8,04,67,000	7,96,93,000	8,65,47,000
	TOTAL R	51,07,38,412	52,08,86,450	52,17,34,175	50,44,35,000	50,21,14,000	50,81,96,000

*For purposes of these entries, the sterling figures have been converted into rupees in the Budget Estimate for 1927-28 at 2*s.*=1 R, and in the Revised Estimate for 1927-28 at 1*s.* 6*d.*=1 R.

MARINE.

		Actuals, 1924-25.	Actuals, 1925-26.	Actuals, 1926-27.	1927-28		Budget, 1928-29.
					Budget.	Revised.	
EXPENDITURE.							
India	R	52,18,321	48,60,991	46,15,997	57,56,000	52,43,000	56,87,000
England	£	219,240	186,903	191,749	230,400	232,000	212,400
	R	21,92,396	18,69,037	19,17,484	*23,04,000	*30,93,000	28,32,000
Total Expenditure	R	74,10,717	67,30,028	65,33,481	80,60,000	83,36,000	85,19,000
REVENUE.							
India	R	11,12,931	14,74,245	15,81,888	12,60,000	17,45,000	16,76,000
England	£	...	...	...	...	...	...
	R	...	...	...	...	...	...
Total Revenue	R	11,12,931	14,74,245	15,81,888	12,60,000	17,45,000	16,76,000
NET EXPENDITURE. India	R	41,05,390	33,86,746	30,24,109	44,96,000	34,98,000	40,11,000
NET EXPENDITURE. England	R	21,92,396	18,69,037	19,17,484	*23,04,000	*30,93,000	28,32,000
NET EXPENDITURE. Total	R	62,97,786	52,55,783	49,51,593	68,00,000	65,91,000	68,43,000

MILITARY ENGINEER SERVICES.

		Actuals, 1924-25.	Actuals, 1925-26.	Actuals, 1926-27.	1927-28.		Budget, 1928-29.
					Budget.	Revised.	
EXPENDITURE.							
India	R	4,20,54,793	4,24,84,017	4,37,57,596	4,33,73,000	4,40,95,000	4,31,74,000
England	£	53,028	34,066	40,194	32,500	- 6,000	32,000
	R	5,30,287	3,40,652	4,01,940	*3,25,000	*—80,000	4,26,000
TOTAL	R	4,25,85,080	4,28,24,669	4,41,59,536	4,36,98,000	4,40,15,000	4,36,00,000
REVENUE.							
India	R	32,81,060	89,81,248	1,11,49,479	57,33,000	35,20,000	76,89,000
NET EXPENDITURE. India	R	3,87,73,733	3,35,02,769	3,26,08,117	3,76,40,000	4,05,75,000	3,55,85,000
NET EXPENDITURE. England	R	5,30,257	3,40,652	4,01,940	*3,25,000	*—80,000	4,26,000
NET EXPENDITURE. TOTAL	R	3,93,04,020	3,38,43,421	3,30,10,057	3,79,65,000	4,04,95,000	3,59,61,000

*For purposes of these entries, the sterling figures have been converted into rupees in the Budget Estimate for 1927-28 at 2s.=1 R and in the Revised Estimate for 1927-28 at 1s. 6d.=1 R.

TOTAL MILITARY SERVICES: SUMMARY.

		Actuals, 1924-25.	Actuals, 1925-26.	Actuals, 1926-27.	1927-28 Budget.	1927-28 Revised.	Budget, 1928-29.
EXPENDITURE.							
India	R	49,56,69,208	50,46,84,590	51,01,56,039	46,91,87,000	44,12,41,000	45,01,19,000
England	£	10,096,267	9,925,244	9,900,785	9,806,200	9,213,200	9,772,000
	R	10,09,62,671	9,92,52,455	9,90,07,850	*9,80,62,000	*12,28,43,000	13,02,93,000
Total Expenditure	R	59,66,51,877	60,39,37,045	60,91,63,889	56,72,49,000	56,40,84,000	58,04,12,000
REVENUE.							
India	R	3,55,78,767	4,06,44,844	4,57,70,352	1,50,34,000	1,02,64,000	2,47,80,000
England	£	473,391	330,655	369,771	301,500	345,500	547,400
	R	47,32,902	33,06,547	36,97,712	*30,15,000	*46,20,000	46,32,000
Total Receipts	R	4,03,11,669	4,39,51,391	4,94,68,064	1,80,49,000	1,48,84,000	3,94,12,000
NET EXPENDITURE. India	R	46,01,10,449	46,40,39,746	46,33,85,687	45,41,53,000	43,00,27,000	42,53,39,000
NET EXPENDITURE. England	R	9,62,29,769	9,59,45,908	9,53,10,138	*9,50,47,000	*14,82,23,000	12,56,61,000
NET EXPENDITURE. TOTAL	R	55,63,40,218	55,99,85,654	55,86,95,825	54,92,00,000	54,92,00,000	55,10,00,000

*For purposes of these entries, the sterling figures have been converted into rupees in the Budget Estimate for 1927-28 at 2s.=1 R, and in the Revised Estimate for 1927-28 at 1s. 6d.=1 R.]

APPENDIX II.

Statement showing the distribution, as between voted and non-voted of the gross expenditure of the Central Government as shown in the Budgets presented to the Legislature.

[In lakhs of rupees.]

	1926-27.				1927-28.				1928-29.			
	Voted.	Non-voted.	Total.	Percentage of voted to total.	Voted.	Non-voted.	Total.	Percentage of voted to total.	Voted.	Non-voted.	Total.	Percentage of voted to total.
Expenditure charged to revenue.	97,79	1,14,59	2,12,38*	46	93,44	1,12,01	2,05,45*	45	96,12	1,13,87	2,09,99*	46
Expenditure not charged to revenue.	28,21	3,86	32,07	88	26,93	3,59	30,52	88	30,05	4,36	34,41	87
Total Expenditure both charged and not charged to revenue.	1,26,00	1,18,45	2,44,45	52	1,20,37	1,15,60	2,35,97	51	1,26,17	1,18,23	2,44,40	52

*These figures have been arrived at as follows:—

Expenditure as per Budget Statement	1,30,38	1,25,26	1,29,60
Add—Working expenses of—			
(*a*) Railway Department	68,81	66,94	66,31
(*b*) Posts and Telegraphs	10,53	10,58	11,13
(*c*) Irrigation	12	11	9
Add—Refunds	2,54	2,56	2,86
	2,12,38	2,05,45	2,09,99

APPENDIX II[1].

PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

Prefatory Note.

I.—Scope of pro formâ *account.*

The following *pro formâ* account, with its supporting statements, exhibits the expenditure, initial and annual, on Delhi and the Delhi Province and also any receipts and savings which form a direct set-off to that expenditure. The account has been prepared in consultation with the Auditor General and carries his approval as regards both its form and its substantial completeness at the present date subject to the qualifications implied in the following prefatory remarks; it will be added to, or amplified later, if experience should show this to be necessary.

2. The main item of the account, as regards non-recurring expenditure, is the Delhi project proper, the figures for which appear against item 1 of Part I.—*Initial Outlay.* The principal recurring charge is that representing the expenditure in the new province, which appears as item 1 of Part II—*Annual Expenditure.*

3. The account necessarily exhibits any expenditure occurring under the named heads, without qualification on account of contributory causes. It must, therefore, be clearly understood that the increase of expenditure, including that in the Delhi Province, is not wholly due to the change of Capital. Thus, an increase of the garrison at Delhi on strategic grounds had been already independently and strongly recommended to the Government of India by the Chief of the General Staff and endorsed by His Excellency the Commander-in-Chief in July 1911, before the transfer of the Capital had been officially proposed, and the construction of the accommodation of the troops already there had long been recognised as pressing. Similarly the recent advance in the policy relating to education and sanitation, particularly the latter, would, under any circumstances, have involved increased expenditure in the city. For practical purposes, these considerations must be ignored in the figured statements, as well as various similar points of minor pecuniary significance. The same principle will be applied to the Railway expenditure, *i.e.*, the cost of any remodelling of the railway system which is connected with the constitution of the new Capital will be exhibited in full in the *pro formâ* account. A wholly independent railway requirement, such as the permanent marshalling yard which will eventually replace the temporary yard now in use, will not be shown.

II.—Relation between the pro formâ *account and the regular accounts.*

4. A brief explanation is added below connecting the various items in the *pro formâ* account with the entries in the published accounts and estimates. Some further explanations are also to be found in the account itself and in its supporting statements.

Item 1 of Part I of *pro formâ* account.

5. The capital expenditure directly incurred on the construction of the new Imperial Capital at Delhi is shown in the regular accounts under the special head "57—Initial Expenditure on the new Capital at Delhi." The only other item of expenditure which will be recorded in the capital section of the regular accounts is that arising from diversions or re-arrangements of the railway system, which will appear under the head "53—State Railways."

Item 3(*b*), *ibid.*

6. The initial expenditure incurred during the years 1911-12 and 1912-13 in connection with the provision of temporary accommodation for the Government of India at Delhi, pending the construction of the new Capital, has been treated, on the advice of the Auditor General, as a revenue charge, under a special minor head styled "Temporary Delhi" subordinate to the major head "41—Civil Works". Any non-recurring receipts which may eventually be obtained in connection with these temporary works, *e.g.*, from the sale of lands and buildings when no longer required by the Government of India, will be similarly credited under a special head subordinate to the major head "XXX—Civil Works".

Item 2, *ibid.*

Item II, *ibid.*

Items 1 and I of Part II of *pro formâ* account.

7. The remaining expenditure is mainly brought to account in one of two ways: either, first, as expenditure of the new Province; or secondly, as departmental expenditure chargeable to the Department in which it is incurred.

8. The expenditure and receipts appertaining to the *quasi*-provincial administration of the Imperial area are brought to account in the same way as in the case of other minor administrations. It will be noted that any grants which may be specially given from Imperial revenues in aid of the Delhi Municipality or other local funds will be brought into the regular accounts and consequently, into the *pro formâ* account also, since they will appear as charges of the Delhi administration.

Items 3 (*a*) and III of Part I of *pro formâ* account.

9. Expenditure which does not appertain to provincial administration is recorded, as in the case of other provinces, under its appropriate departmental head in the regular accounts. Thus expenditure on the land and buildings required for the new Cantonment, and any corresponding receipts, appear under the Army and Military Works heads respectively, under both of which a special Delhi sub-head has been opened. Railway capital outlay has already been referred to. Railway revenue charges and receipts similarly come under the Railway account head. In these cases, the *pro formâ* account necessarily exhibits only initial expenditure and non-recurring receipts, as Military expenditure is not being permanently increased and the influence of the new Capital on the ordinary daily receipts and working expenses of the Railways cannot evidently be satisfactorily isolated. This latter consideration also applies to the case of Postal and Telegraph expenditure, which moreover represents ordinary administrative expenditure of the department, and is relatively insignificant in amount. For these reasons, in the case of this department neither the initial outlay nor the recurring receipts and expenditure have been included.

10. There are also a few items of expenditure and of actual receipt or of definite saving which are not recorded in the accounts of the Delhi Province or in the departmental accounts, but which it is necessary to take into consideration in calculating the expenditure on Delhi and the Delhi Province. Most of these are self-explanatory, but attention may be called to the intended treatment of the sale-proceeds of vacated lands and buildings at Calcutta (if any) and elsewhere. These will be credited under the major heads "XXXV—Miscellaneous" and "XXX—Civil Works", and the *pro formâ* account will take credit only for actual Imperial receipts. No account will be taken, in the statements themselves, of book transactions, or of the considerable savings obtained from the vacation of rented accommodation, *i.e.*, of relief in respect of rental payments which the Local Government obtains by giving up private buildings previously leased for provincial establishments, and moving the latter into offices formerly occupied by the Government of India. Any reference made to such saving will, therefore, be found in an explanatory footnote. [See Part I, Note 5.]

Items 4 to 7 and I and IV of Part I, and Items 2 and II to IV of Part II of *pro formâ* account.

Item 1 of Part I.

11. Outlay on stores and all other expenditure incurred in England under a capital head or as a revenue charge, which can be distinguished as appertaining to the construction of Delhi or to the administration of the Delhi Province, have been included in the *pro formâ* account.

PRO FORMÂ ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART I.—INITIAL OUTLAY.

[Figures in thousands of Rupees.]

Expenditure.	Actuals to end of 1926-27.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.	Receipts.	Actuals to end of 1926-27.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
1. DELHI PROJECT: Capital outlay on Permanent Delhi chargeable to Head "57" (for details see Statement I-A) . . .	12,59,68	54,00	78,68	I.—Receipts which may be obtained on account of Imperial buildings vacated by the Government of India or attached offices in consequence of the move (*a*)‖ . . .	19,20	1,80	47
2. Temporary Delhi * .	54,33	...	...				
3. Initial expenditure of non-Civil Departments:—							
(*a*) Military services † .	1,09,49	1,59	1,44				
(*b*) Railways ‡ . .	94,29	8,68	9,49				
4. Non-recurring grant to the Punjab Government in compensation for expenditure incurred on new headquarters buildings for the Commissionership transferred from Delhi .	1,36	...	...	II.—Non-recurring receipts on account of Temporary Works . .	2	...	...
5. Cost of withdrawal to Delhi of Imperial offices previously located at Calcutta or elsewhere .	4,70	1,84	98	III.—Recoveries on account of land or buildings vacated in the old Cantonment of Delhi‖	...	...	...
Special non-recurring monetary concessions to establishments of the Government of India and attached offices on the occasion of their first move to Delhi . .	8,45	63	78	IV.—Miscellaneous items .	8,46	...	...
Miscellaneous items § .	10,03	62	69				
TOTAL .	15,42,33	67,36	92,06	TOTAL .	27,68	1,80	47
Total expenditure to end of 1928-29 . . .		17,01,75		Total receipts to end of 1928-29 . . .		29,95	
Net expenditure to end of 1928-29		16,71,80					

* NOTE 1.—The head "Temporary Delhi" has been closed from 1st April 1913, subsequent expenditure being treated as part of the expenditure of the Delhi Province—see Part II of Account.

† NOTE 2.—The expenditure included under item 3 (*a*) is that relating to the formation of the new Cantonment. It details are as follows:—

	To end of 1926-27.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
Acquisition of land	13,20	...	...
Cost of buildings	87,47	1,59	1,44
Establishment charges	6,76	...	...
Tools and plants	2,06	...	...
TOTAL .	1,09,49	1,59	1,44

‡ NOTE 3.—The figures relate to charges for the acquisition of land and outlay on railway facilities at Nangal Rawa. These figures include transactions on account of Delhi New Capital Railway Work also.

§ NOTE 4.—The expenditure shown against item 7 represents mainly the proportionate cost of the Office of the Accountant General, Central Revenues, and the cost of temporary establishment employed in the Secretariats in connection with the change of Capital.

‖ NOTE 5.—These heads will record only actual receipts obtained from the sale of the vacated buildings and land. As explained in paragraph 10 of the Prefatory Note, this procedure has the effect of excluding a substantial true saving in respect of rented accommodation. Thus from 1913-14 to 1922-23 the Government of Bengal, by moving its offices into the vacated Imperial buildings in Calcutta, saved Rs. 7,69,860 partly by being enabled to dispense with private accommodation previously leased, and partly by being relieved from the necessity of renting further accommodation. With effect from 1923-24 rent is bring recovered from the Local Government for the occupation of Central buildings at Calcutta and the receipts are being shown under head I.

(*a*) Includes Rs. 19 lakhs on account of value of premises No. 3, Koilaghat Street sold to E. B. Railway and Rs. 20,000 on account of rent receipts.

PRO FORMÂ ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART II.—ANNUAL EXPENDITURE.

[Figures in thousands of Rupees.]

Expenditure.	Actuals, 1926-27.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.	Receipts.	Actuals, 1926-27.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
1. Expenditure of Delhi Province* . .	87,80	93,56	96,13	I.—Revenue of Delhi Province * . .	42,99	4240	42,97
2. Miscellaneous items .	28	27	51	II.—Saving under Calcutta house allowances † . .	64	82	86
				III.—Saving under hill journey and travelling allowances and contingencies on account of shorter move of Secretariat and attached offices ‡ .	2,50	2,50	2.50
Total expenditure .	88,08	93,83	96,64	IV.—Miscellaneous items . . .	5	18	21
Net expenditure .	41,90	47,93	50,10	Total receipts .	46,18	45,90	46,54

* NOTE 1.—The details of this item are given in Statement II-A.

† NOTE 2.—The figure shown against item II will be subject to increase as additional officers are successively transferred from Calcutta to Delhi.

‡ NOTE 3.—The figure shown against item III is a minimum figure calculated once for all on the assumption that all offices or portions of offices which previously moved between Calcutta and Simla have subsequently moved regularly between Delhi and Simla. The actual saving throughout has been large owing to certain establishments which previously moved to Calcutta being retained in Simla throughout the cold weather.

STATEMENT I-A.

Details of Capital outlay on the Delhi Project working up to the total figures shown against item 1 in Part I of *pro formâ* account.

[Figures in thousands of Rupees.]

Items.	Actuals to end of 1926-27.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
A.—Salaries and allowances—			
(*a*) Preliminary Investigation—			
(i) Gazetted officers	2,04	...	...
(ii) Non-gazetted officers	14	...	...
(*b*) Public works and electrical officers employed on the Project—			
(i) Gazetted officers	93,26	7,52	6,90
(ii) Non-gazetted officers	69,23	8,63	8,75
(*c*) Miscellaneous officers (including all others employed on the Project)—			
(*i*) Gazetted officers	5,70	12	12
(ii) Non-gazetted officers	4,92	39	46
(*d*) Leave allowances	...	...	...
B.—Travelling allowances of officers and Establishments—			
(*a*) Preliminary Investigation—			
(i) Gazetted officers	23	...	...
(ii) Non-gazetted officers	2	...	...
(*b*) Public Works and Electrical officers employed on the Project—			
(i) Gazetted officers	8,26	72	68
(ii) Non-gazetted officers	4,86	44	45
(*c*) Miscellaneous officers including all others employed on the Project—			
(i) Gazetted officers	71	2	2
(ii) Non-gazetted officers	46	6	6
C.—Supplies, Services and Contingencies—			
(*a*) Preliminary investigation	51	...	...
(*b*) Public Works and Electrical officers employed on the Project	6,87	72	69
(*c*) Miscellaneous officers employed on the Project	46	1	1
Loss on account of Exchange	...	...	...
Total A, B and C	1,97,67	18,63	18,14
Deduct—Credits from other heads of accounts	*44,71*	*8,53*	*7,36*
Net total A, B and C carried over	1,52,96	10,10	10,78

Details of Capital outlay on the Delhi Project working up to the total figures shown against item I in Part I of *pro formâ* account—*contd.*

[Figures in thousands of Rupees.]

Items.	Actuals to end of 1926-27.	Revised Estimate, 1927-28.	Budget Estimate, 1928-29.
Brought forward Net total A, B. C.	1,52,96	10,10	10,78
D.—Works Expenditure—			
(i) Buildings—			
(*a*) Government House	94,08	22,57	44,34
(*b*) Secretariats	1,68,72	11,57	3,03
(*c*) Other buildings	2,12,43	12,66	20,95
(*d*) Legislative Chambers	73,70	9,20	4,24
(ii) Communications	28,55	1,00	1,21
(iii) Miscellaneous Public Improvements	17,07	2,15	1,39
(iv) Electric Light and Power	54,80	6,12	3,73
(v) Irrigation	39,62	2,17	5
(vi) Sanitation including storm-water drains, sewage and sewerage disposal, water-supply and conservancy	1,07,03	7,18	6,38
(vii) Tools and plant	92,70	1,36	1,56
(viii) Stock and Suspense	51,74	—23,59	—2,10
(ix) Miscellaneous	89,99	58	60
(x) Maintenance during construction	82,53	2,93	3,50
Railway division	13,79	...	...
E.—Acquisition of land taken up for the Project	34,23	....	...
F.—Other Miscellaneous expenditure	6	....	...
Minus Reserve	...	—2,50	—10,98
Deduct—Receipts on Capital Account	*54,32*	*9,50*	*10,00*
TOTAL	12,59,68	54,00	78,68

STATEMENT II-A.

Revenue and Expenditure of Delhi and Delhi Province.

[Figures in thousands of rupees.]

Receipts.				Expenditure.			
Major Heads of Accounts.	Actuals for 1926-27.	Revised Estimate for 1927-28.	Budget Estimate for 1928-29.	Major Heads of Accounts.	Actuals for 1926-27.	Revised Estimate for 1927-28.	Budget Estimate for 1928-29
I.—Customs	—9	...	...	2. Taxes on Income	47	58	64
II.—Taxes on Income	11,20	11,46	10,96	5. Land Revenue	53	55	56
IV.—Opium	...	...	...	6. Excise	3,41	3,90	3,74
V.—Land Revenue	4,15	4,14	4,14	7. Stamps	8	8	8
VI.—Excise	8,59	8,14	8,55	8. Forests		1	10
VII.—Stamps	8,24	8,21	8,25	9. Registration	6	4	4
IX.—Registration	44	46	46	15. Miscellaneous Irrigation Expenditure.	6	5	5
XIV.—Irrigation works for which no Capital Account is kept	2	2	2	19. Interest	6,33	8,51	8,38
XVI.—Interest	18	17	17	22. General Administration	3,09	3,40	3,49
XVII.—Administration of Justice	52	39	42	23. Audit (a)	16	21	22
XVIII.—Jails and Convict Settlement	22	24	21	24. Administration of Justice	2,37	2,44	2,53
XIX.—Police	6	21	14	25. Jails and Convict Settlements	1,28	1,36	1,42
XXI.—Education	46	46	46	26. Police	8,38	8,93	9,64
XXII.—Medical	8	16	21	28. Ecclesiastical	21	25	25
XXIII.—Public Health	...	...	8	29. Political	1	8	2
XXXIV.—Agriculture	...	...	5	31. Education	6,18	8,60	9,19
XXV.—Industries	...	1	15	32. Medical	5,45	5,09	5,21
XXVI.—Miscellaneous Departments	11	10	10	33. Public Health	1,43	2,79	2,60
XXX.—Civil Works	6,53	5,98	5,62	34. Agriculture	52	51	58
XXXIII.—Receipts in aid of Superannuation	29	42	42	35. Industries	12	6	25
XXXIV.—Stationery and Printing	2	2	3	37. Miscellaneous Departments	2	3	4
XXXV.—Miscellaneous	1,97	1,81	2,53	38. Currency	9	20	10
				41. Civil Works	37,06	34,92	36,13
				Civil Works—Viceregal Estates, Delhi	2,13	1,46	1,68
				44. Territorial and Political Pensions	51	51	51
				45. Superannuation Allowances and Pensions	3,15	3,51	3,19
				46. Stationery and Printing	1	4	3
				47. Miscellaneous	3,69	3,78	3,79
				60B. Commuted value of pensions	1,00	1,67	1,67
Total	42,99	42,40	42,97	Total	87,80	93,56	96,13

(a) Excludes proportionate cost of the office of the Accountant General, Central Revenues, Delhi, debitable to Part I.

Appendix IV.

COMMERCIAL AND FINANCIAL STATISTICS.

TABLE I—MISCELLANEOUS.

Appen

COMMERCIAL AND

TABLE I—

	1919-20.	1920-21.	1921-22.	1922-23.
	Rs.	Rs.	Rs.	Rs.
Recorded revenue compared with recorded expenditure excluding Capital Expenditure on Railways, Irrigation works, Posts and Telegraphs, Vizagapatam Port, Security Printing, the Delhi Capital, commuted value of pensions, Currency note printing and Bombay Land Scheme, Capital outlay not charged against Revenue—				
Surplus	..	..	..	..
Deficit	23,65,28,825	26,00,85,276	27,65,01,700	15,01,76,392
Capital Expenditure on Railways and Irrigation works not charged against Revenue.	14,42,99,228	26,55,72,106	22,97,57,115	18,45,67,524
Capital charge involved in the purchase of Railways.	..	..	..	..
Capital outlay on the Posts and Telegraphs Department not charged against Revenue.	..	..	81,61,617	65,62,006
Capital outlay on Vizagapatam Port and Security Printing not charged against Revenue.	..	..	..	..
Initial Expenditure on New Capital at Delhi.	50,35,427	1,25,75,011	1,35,27,418	1,84,79,432
Commuted value of pensions not charged against Revenue.	..	..	..	..
Currency Capital outlay	..	..	..	..
Outlay on Bombay Land Scheme	..	..	..	..
India's Financial Contribution to the War.	..	..	..	..
Net Public Debt incurred	8,90,79,517	52,34,07,498	49,19,30,108	25,61,19,053
Net public debt incurred, including Capital transactions with Railway Companies.	8,22,22,396	51,76,91,284	49,75,33,002	25,26,11,589
Value of commodities exported, excluding Gold and Silver.	3,36,02,20,000	2,67,76,80,000	2,48,65,80,000	3,16,07,20,000
Value of commodities imported, excluding Gold and Silver.	2,21,70,20,000	3,47,57,40,000	2,82,59,80,000	2,46,19,20,000
Excess of Exports over Imports, excluding Gold and Silver.	1,14,32,00,000	(c) —79,80,60,000	(c)—33,94,00,000	69,88,00,000
Net Imports of Gold	35,33,00,000	2,10,80,000	†—2,86,40,000	41,19,10,000
Net Imports of Silver	29,22,90,000	6,48,40,000	15,09,60,000	18,35,40,000
TOTAL NET IMPORTS OF GOLD AND SILVER.	64,55,90,000	8,59,20,000	12,23,20,000	59,54,50,000
Excess of Exports over Imports including Gold and Silver.	49,76,10,000	(c)—88,39,80,000	(c)—46,17,20,000	10,33,50,000
Net Imports of Currency Notes*	..	..	..	1,01,70,000
Excess of Exports over Imports including Gold, Silver and Currency Notes.	49,76,10,000	(c)—88,39,80,000	(c)—46,17,20,000	9,31,80,000
Council Bills and Purchase of sterling	£ 31,226,219	..	..	2,640,026
Rupee Equivalent thereof	34,54,98,000	..	..	3,84,77,840
Silver coined at the Indian Mints	37,72,19,757	3,41,30,039	1,60,86,638	62,75,446

*Recorded from

†Represents net

‡Includes remittances of the

(a) Includes remittances of the

(b) Figures for 11 months

(c) Net

‡ Net

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FINANCIAL STATISTICS.

MISCELLANEOUS.

1923-24.	1924-25.	1925-26.	1926-27.	1927-28, Revised.	1928-29, Budget.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,38,99,758	5,68,25,698	3,31,18,187	..	..	5,06,000
..	..	..	..	..	..
20,80,11,576	13,46,94,254	19,23,53,255	27,22,07,907	30,16,93,000	24,01,74,000
..	..	3,42,73,330	..	..	4,00,00,000
75,21,560	1,17,55,881	2,23,54,139	32,59,130	57,56,000	68,02,000
..	..	81,16,371	48,36,320	27,82,000	48,20,000
1,54,73,652	1,42,18,868	99,06,184	61,63,117	54,00,000	78,68,000
..	..	..	28,85,222	35,52,000	34,85,000
..	..	..	8,66,401	18,08,000	17,000
..	..	..	..	20,74,000	2,05,22,000
..	..	..	..	..	..
17,67,00,540	9,62,96,934	—4,03,60,226	—4,86,34,295	+3,92,05,000	+12,86,09,000
16,64,05,856	9,13,70,596	—4,09,06,307	—7,49,48,445	+3,25,15,000	+12,86,09,000
3,63,37,60,000	4,00,24,30,000	3,86,81,20,000	3,11,05,00,000	(b)2,98,55,30,000	..
2,37,18,40,000	2,53,36,40,000	2,36,00,10,000	2,40,91,30,000	(b)2,38,85,20,000	..
1,26,19,20,000	1,46,87,90,000	1,50,81,10,000	70,13,70,000	(b)59,70,10,000	..
29,18,70,000	73,92,60,000	34,85,50,000	19,40,00,000	(b)15,44,90,000	..
18,69,80,000	20,07,40,000	17,12,40,000	19,86,80,000	(b)12,87,80,000	..
47,88,50,000	94,00,00,000	51,97,90,000	39,26,80,000	(b)28,32,70,000	..
78,30,70,000	52,87,90,000	98,83,20,000	30,86,90,000	(b)31,37,40,000	..
1,64,60,000	3,00,000	†—33,00,000	5,20,000	(b)14,85,10,000	..
76,66,10,000	52,84,90,000	99,16,20,000	30,81,70,000	(b)16,52,30,000	..
21,838,705	40,770,162	46,316,500	2,115,000	28,500,000	36,000,000
31,45,48,173	55,38,97,524	61,23,87,682	2,81,70,083	38,00,00,000	48,00,00,000
50,00,791	33,25,394	30,73,478	50,49,436	(b)10,15,926	..

April 1922.

exports of gold.

Gold Standard Reserve.
Currency Department.
April to February),
imports,
exports.

COMMERCIAL AND

TABLE I—

	1919-20.	1920-21.	1921-22.	1922-23.
Maximum price in pence of an oz. troy standard Silver in London Rs.	89½ (11th Feb. 1920).	72⅝ (7th April 1920).	43⅜ (27th Sept. 1921).	37⅜ (22nd May 1922).
Minimum price in pence of an oz. troy standard Silver in London.	48 9/16 (4th April and 6th May 1919).	30⅝ (5th March 1921).	32½ (28th Feb. & 2nd Mar. 1922).	30⅜ (15th Dec. 1922).
Average Exchange upon Secretary of State's Bills sold per rupee.	1*s.* 9·691*d.*	..	..	1*s.* 4·448*d.*
Average of the daily telegraphic transfer rates from Calcutta on London.	..	1*s.* 8·66*d.*	1*s.* 3·85*d.*	1*s.* 3·76*d.*
Rate of Exchange for the adjustment of transactions between the Indian and Imperial Governments.	1*s.* 6*d.*, 1*s.* 8*d.*, 2*s.* 4*d.* and 2*s.* 9*d.*	2*s.* 8*d.*, 2*s.* 4*d.*, 2*s.* 2½*d.*, 2*s.*, 1*s.* 11*d.*, 1*s.* 10½*d.*, 1*s.* 8½*d.*, 1*s.* 5½*d.*, 1*s.* 8*d.*, & 1*s.* 4¾*d.*	1*s.* 3½*d.*, 1*s.*, 3½*d.*, 1*s.* 8½*d.*, 1*s.* 4*d.*, 1*s.* 4½*d.*, 1*s.* 5*d.*, and 1*s.* 5½*d.*	1*s.* 3½*d.*, 1*s.* 3½*d.*, 2*s.* 3½*d.*, 1*s.* 4*d.*, and 1*s.* 4½*d.*
Maximum rate of discount on loans on demand at the Imperial Bank of India, Calcutta.	7 (12th to 31st Mar. 1920).	7 (1st Apl. to 9th June 1920, 18th Nov. 1920 to 2nd Mar. 1921).	8 (16th Feb. to 31st Mar. 1922).	8 (1st to 26th April 1922 and from 11th Jan. to 31st March 1923).
Minimum rate of discount on Loans on demand at the Imperial Bank of India, Calcutta.	5 (5th June 1919 to 14th Jan. 1920).	5 (1st July to 3rd Nov. 1920).	5 (2nd June to 14th Dec. 1921).	4 (6th July to 25th Oct. 1922).
Maximum rate of discount at the Bank of England.	6 (6th Nov. 1919 to 31st Mar. 1920).	7 (15th April 1920 to 31st Mar. 1921).	7 (1st Apl. to 1st Mar. 1921).	4½ (1st to 12th April 1922).
Minimum rate of discount at the Bank of England.	5 (1st Apl. 1919 to 5th Nov. 1919).	6 (1st to 14th Apl. 1920).	4½ (16th Feb. to 31st Mar. 1922).	3 (13th July 1922 to 31st March 1922).
Maximum Government balances at the Imperial Bank of India.	18,26,33,000 (Feb.)	20,38,41,000 (July)	25,87,46,000 (31st July).	33,19,07,000 (28th July).
Minimum Government balances at the Imperial Bank of India.	7,04,52,000 (Sept.).	5,84,98,000 (Feb).	5,34,64,000 (18th Nov.).	8,22,54,000 (10th Nov.).
Maximum price in Calcutta of 5 per cent. War loan, 1929-47.	95	90	87	88—8
Minimum price in Calcutta of 5 per cent. War Loan, 1929-47.	90	77	78	81—6
Maximum price in Calcutta of 5 per cent. income-tax free loan, 1945-55.	95½ to 96	95½ to 96	89	93—8
Minimum price in Calcutta of 5 per cent. income-tax free loan, 1945-55.		78½	80	87
Maximum price in Calcutta of Government 3½ per cent. Rupee Securities (Guaranteed).	71 (1st April to 17th May 1919).	60 (1st to 16th April 1920 and 5th to 15th January 1921).	62 (30th & 31st May 1921).	61—4 (22nd and 23rd March 1923).
Minimum price in Calcutta of Government 3½ per cent. Rupee Securities (Guaranteed).	60 (27th Feb. to 31st Mar. 1920).	52 (1st Nov. to 12th Dec. 1920).	55-8 (from 11th March 1922).	55—8 (1st to 17th April 1923).
Maximum price in Calcutta of 3 per cent. Rupee Securities.	62 (1st April to 17th May 1919).	50 (1st April to 5th Oct. 1920 and 5th to 15th January 1921).	53 (31st May and 1st June 1921).	52—8 (22nd and 23rd March 1923).
Minimum price in Calcutta of 3 per cent. Rupee Securities.	50 (27th Feb. to 31st Mar. 1920).	42 (1st Nov. to 22nd Dec. 1920).	47 (1st to 4th April 1921).	47—12 (1st to 18th April 1922).

FINANCIAL STATISTICS—*contd*

MISCELLANEOUS—*contd.*

1923-24.	1924-25.	1925-26.	1926-27.	1927-28, Revised.	1928-29, Budget.
34 1/16 (3rd and 5th Jan., 13th and 14th Feb. 1924).	36 1/16(9th Oct. 1924).	33 7/16 (5th Sept. 1925).	30⅝ (5th May 1926).	27 (6th Decr. 27)	
30 11/16 (13th July 1923).	31¼ (29th Dec. 1924).	30⅛ (19th and 22nd March 1926).	24½ (20th October 1926).	24 5/16 8th, 11th and 22nd Augt. 1927).	
1*s.* 4·534*d.*	1*s.* 6·028*d.*	..	..	..	
1*s.* 4·46*d.*	1*s.* 5·51*d.*	1*s.* 6·08*d.*	1*s.* 5·902*d.*	1*s*—5 5/16*d.* (estimate).	
1*s.* 4*d.*, 1*s.* 4¼*d.*, 1*s.* 4½*d.*, 1*s.* 5*d.*, and 1*s.* 5¼*d.*	1*s.* 4½*d.*, 1*s.* 5*d.*, 1*s.* 5¼*d.*, 1*s.* 5½*d.* and 1*s.* 6*d.*	1*s.* 6*d.*, 1*s.* 6¼*d.*	1*s.* 5½*d.*, 1*s.* 6*d.*, and 1*s.* 6¼*d.*	1*s.*—6*d.*	
9 (14th Feb. to 31st March 1924).	9 (1st April to 9th April).	7 (1st April to 20th May).	7 (10th February to 31st March).	7 (1st April to 1st June, 22nd December to date.	
4 (28th June to 14th Nov. 1923)	4 (31st July to 20th Aug. 1924).	4 (3rd July to 27th September).	4 (10th June to 31st December).	4 (28th July to 7th Sept.).	
4 (since 5th July 1923).	5 (5th March).	5 (1st April to 4th August and 3rd December to date).	5 (throughout the year.)	5 (1st April to 20th April).	
3 (1st April to 4th July 1923).	4 (1st April 1924 to 4th March 1925).	4 (2nd October to 2nd December).	..	4½	
29,74,54,000 (20th July).	32,18,07,000 (31st July).	28,96,31,000 (29th May).	36,41,13,000 (30th July).	19,97,33,000 (1st April).	
6,22,69,000 (6th Nov.).	7,42,62,000 (31st Dec.).	4,29,57,000 (11th Dec.).	3,85,92,000 (17th December).	3,05,09,000 (7th October).	
93—10	94—14	97—4	102—6	101—11.	
87—12	92—14	94—13	99—14	100—4.	
98—14	99—8	101—7	110—4	108—13.	
93—2	97	98—13	104—9	105—13.	
63—3 (8th Mar. 1924).	68—6 (10th July).	73—8 (27th March).	79—1 (15th December).	79—5 (29th April).	
61 (3rd to 5th April 1923).	63—4 (18th September).	67—10 (5th May)	74—6 (1st April).	74—6 (9th December).	
57—12 (8th Mar. 1923).	58—10 (10th July)	63—14 (25th March).	67—14 (15th to 21st December).	67—14 (29 April).	
51—14 (3rd to 5th April 1923).	53—8 (18th September).	57—15 (15th to 18th May).	63—8 (1st and 6th April).	63—14 (8th December).	

COMMERCIAL AND

TABLE I—

	1919-20.	1920-21.	1921-22.	1922-23.
	Rs.	Rs.	Rs.	Rs.
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts.	8,16,74,000 (Apl.).	6,65,19,000 (Apl).	7,80,08,000 (Feb.)	10,50,48,000 (Nov.).
Minimum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts.	7,43,58,000 (Dec.)	6,13,12,000 (Sept.)	6,36,30,000 (Apl.)	9,68,19,000 (May).
Maximum price in London of 3½ per cent. (Rupee Securities in Gold).	74	63¾	42½	39
Minimum price in London of 3½ per cent. (Rupee Securities in Gold).	49½	33½	34½	34
Maximum price in London of India 3½ per cent. Stock.	69¾	61	63½	69⅝
Minimum price in London of India 3½ per cent. Stock.	54½	51½	55½	62½
Maximum price in London of India 3 per cent. Stock.	60¾	58	55½	59½
Minimum price in London of India 3 per cent. Stock.	47½	43½	47½	53½
Maximum price in London of India 2½ per cent. Stock.	50¾	43	46⅝	50½
Minimum price in London of India 2½ per cent. Stock.	40	37⅝	39½	44½
Maximum price in London of 5½ per cent. Stock.	..	..	94½	102½
Minimum price in London of 5½ per cent. Stock.	..	..	89½	93⅞
Maximum price in London of 4½ per cent. Stock.	..	..	..	88½
Minimum price in London of 4½ per cent. Stock.	..	..	..	83⅝
Maximum Government Paper Currency outstanding.	1,85,14,79,000 (Jan.).	1,70,73,89,000 (Apl.)	1,79,71,49,000 (Oct.)	1,82,26,25,000 (Aug.).
Minimum Government Paper Currency outstanding.	1,53,72,07,000 (Apl.).	1,57,62,82,000 (Sept.).	1,67,31,85,000 (Apl.).	1,71,76,07,000 (Apl.).
Number of Post Office Savings Banks.	10,670	10,713	10,758	10,780
Number of accounts in Post Office Savings Banks.	1,760,442	1,877,957	1,958,324	2,043,502
Amount deposited in Savings Banks	21,34,84,628	22,86,21,716	22,26,24,825	23,19,98,761
Average of each deposit . .	121·26	121·73	113·68	113·52
Net addition to deposits . .	2,52,39,787	1,51,37,088	— 59,96,891	93,73,936

FINANCIAL STATISTICS—*concld.*

MISCELLANEOUS—*concld.*

1923-24.	1924-25.	1925-26.	1926-27.	1927-28, Revised.	1928-29, Budget.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10,80,92,000 (Oct.).	10,20,98,000 (Apl.)	9,48,86,000 (Apl.)	8,59,21,000 (Oct.).	8,73,81,000 (Dec.)	
10,06,94,000 (Mar.).	9, 69, 36,000 (Mar.).	8,41,90,000 (Mar.).	8,19,29,000 (Sept.).	8,09,28,000 (Nov.).	
45	49½	54½	57½	58	
39	45	49½	54½	55½	
72½	69⅝	69½	74½	733	
61½	63	63½	67½	68	
62⅝	59½	59½	63½	63⅝	
52½	54	54⅜	57½	59	
52½	49½	49½	52½	52	
44½	45	46⅝	48 7/16	49	
105	103½	103	104	103½	
99	100	99⅜	101	100⅜	
93	89½	91½	93½	94½	
82½	85½	85⅞	88½	89⅜	
1,86,18,98,000 (Feb.) .	1,84,19,40,000 (Mar.).	1,93,34,10,000 (Mar.).	2,00,53,42,000 (Aug.).	1,86,01,80,540 (January)	
1,71,23,35,000 (May.).	1,72,49,20,000 (June).	1,78,23,07,000 (May).	1,80,47,21,000 (Jan.).	1,71,44,71,000 (May.)	
10,535	10,727	11,162	11,994		
2,089,314	2,164,473	2,317,390	2,518,142		
24,78,83,170	25,63,94,907	27,23,14,764	29,50,89,541		
118·64	118·45	117·50	117·19		
1,58,84,409	85,11,737	1,59,19,857	2,27,74,777		

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1928

EAST INDIA (BUDGET).

Return to an Address of the Honourable the House of Commons, dated 28th July, 1930; for,

"RETURN OF THE BUDGET OF THE GOVERNOR GENERAL OF INDIA IN COUNCIL FOR 1930-31."

India Office,
29*th July*, 1930.

S. F. STEWART,
Under Secretary of State for India.

LIBRARY OF THE BOMBAY BRANCH OF THE ROYAL ASIATIC SOCIETY.

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FINANCE DEPARTMENT.

BUDGET FOR 1930-31.

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PART I.

RAILWAY BUDGET.

Speech of the Railway Member

introducing the

Railway Budget for 1930-31.

1. It is my duty today to present to the House the Railway Budget for the year 1930-31 No change of importance has been made in the form of the statements submitted, and I do not think it is necessary that I should refer to certain minor alterations, especially as they are rather technical in character. The Railway Board's Memorandum contains detailed explanations of the various figures, and in what I say I shall attempt to survey the position on somewhat broader lines. The main burden of the preparation of the Budget has, of course, fallen on the Financial Commissioner, as usual, and I should like to take this opportunity to thank him, the Chief Commissioner and the Members of the Railway Board for the assistance which they have given. While Mr. Parsons was on leave in summer, the post of Financial Commissioner was held by Mr. Rau, and I know the House will pardon me if I acknowledge in a word the competence and energy displayed by the first Indian who has held the office of Financial Commissioner. I should like also to pay my tribute to the Standing Finance Committee who have, as we are accustomed to expect, never failed throughout the year to render valuable assistance in the control of railway finance.

2. May I express the hope that, as in previous years, Honourable Members who give notices of motions for reductions in the Demands will indicate briefly in their notices the questions they wish to raise ? It must obviously lighten the task of the Government Members, if they know in advance on what points they will be expected to reply

Financial results of 1928-29.

3. When I presented the current year's Budget to the House, we expected that the surplus for the year 1928-29 on all lines would be nearly Rs. 9 crores. Both receipts and expenditure fell short of the estimate, but the shortage on the receipt side was the more serious, and the year closed with a net gain from the Railways of less than Rs. 8 crores. The result was that we were able to add Rs. 2½ crores to the reserve after paying the fixed contribution.

Revised estimates for 1929-30.

4. The falling off in traffic receipts in February and March 1929, was unfortunately symptomatic of what was to come, and the financial results of the current year can only be described as disappointing. We budgeted for a total revenue of about 1,06½ crores and a total expenditure of 95¼ crores, and had this result been achieved, we should have closed the year with a surplus of Rs. 11¼ crores on the commercial lines. We now expect that the actuals will be more than Rs. 4 crores worse than the estimate so that the final surplus is likely to be little more than Rs. 7 crores. There has been a serious decline in the loadings of grain and pulses ; oilseeds did well in the first half of the year and badly in the second, and with two exceptions all classes

of traffic have been lower than in the previous year. The two exceptions are cotton and coal. The increase in the cotton traffic appears to be due not to a larger crop, but to the fact that it has moved unusually early, and we must expect a decline in the coming months. The increased traffic in coal, on the other hand, is, I am glad to say, the visible sign of improved conditions in the coal industry and the lifting of the depression which has so long overshadowed it. The increase in the number of coal wagons loaded up to date is 5 per cent. or if the coal carried by the East Indian and Bengal Nagpur Railways is included, 6 per cent. Conditions are now totally different from those prevailing three or four years ago. The large stocks which had accumulated at the coalfields have disappeared, and since May last the railways have been moving the coal as fast as it could be raised to meet an insistent public demand. An important feature of the improved trade conditions is the recovery of India's export trade in coal, and this recovery is unquestionably due in large measure to the admirable work of the Coal Grading Board, of which the Railway Board's Chief Mining Engineer is the Chairman. In November and December last, owing to an abundant rice harvest, there was a serious shortage of labour in the coalfields, and the pressure on supplies became acute. Indeed the maintenance of adequate stocks of coal on the railways became difficult, and had it not been for the existence of the State Railway collieries, it would have been necessary to take steps which might have endangered the export trade. Firms with contracts to supply coal to the railways found themselves unable to supply both the railways and the export market, and as the railways clearly could not be allowed to go short, it would have been necessary to insist on supplies in accordance with the contracts. Actually we were able to avoid any action of that kind by increasing the output of the railway collieries.

5. I do not propose to analyse in detail the causes to which the reduction in earnings should be ascribed. The heavy falling off in grain traffic is clearly due to the unsatisfactory harvests of recent years in Northern India, but under other heads it is not so much that traffic has fallen off heavily as that it has failed to expand to the extent we hoped. India, like other countries, is passing through a period of trade depression due to falling prices, when buyers naturally adopt a cautious policy and goods move slowly. Conditions such as these must inevitably be reflected in the railway traffic returns, and the falling off in traffic might easily have been worse than it is. It must not be forgotten that the reductions in rates and fares made in the last five years were estimated to involve a loss of revenue exceeding Rs. 5 crores in a full year, a loss which we hoped to make good from the expansion of traffic. For the present our hopes have not been realised, for when traffic is inelastic, reductions in rates and fares must inevitably bring down receipts. But there is no ground for despondency, and I do not doubt that when trade conditions improve, our expectations will prove to have been well founded. Our reduced rates for long distance coal announced last year have certainly acted as a stimulus to the coal trade and the lower fares for third class passengers have been accompanied by a growth in traffic. The passenger mile figure has gone up by 5½ per cent. and the passenger earnings this year are likely to exceed those of the previous year by about two-thirds of a crore.

6. On the expenditure side, we budgeted for total working expenses of Rs. 64½ crores, but actually they are likely to be 2¼ crores of rupees higher. Detailed explanations have been given under the various heads in the Railway Board's Memorandum, and I will not attempt to do more than notice the salient points. As the mileage of the Indian Railways increases—and we expect to open 600 miles of line this year—expenses inevitably go up, for the new lines

have to be staffed and more train miles are run. Again, we have begun to spend money on the improvement of service conditions of our lower paid staff, and I shall have more to say on this subject at a later stage. Flood damages have been unusually severe and have helped to swell our repairs and maintenance bill. The stocks of coal on the railways had fallen to a low level in March last, and the raising of them to an adequate figure has increased the expenditure on fuel. Finally, the taking over of the Southern Punjab line from the 1st of January means an apparent increase in working expenses of about a quarter of a crore. I say an apparent increase, for the expenditure on that line was formerly recovered from the Company and the recoveries shown as a 'deduct' entry under working expenses, while from now onwards there will be no recoveries and both receipts and expenses will be increased proportionately.

7. I have mentioned the principal factors which have tended to raise our working expenses, but during the last two years the growth of expenditure has been rapid, and I recognise the obligation resting on those who administer the railways to take all possible measures to keep down expenses and enforce economy in every branch of the administration. This is necessary at all times, but when trade is poor and revenue is inelastic, there is particular need to apply to every proposal, which means higher working expenses, the test whether it ought to be put in force at once, or whether it can be postponed with advantage. It may be, for example, that a workshop could undertake a larger programme of repairs, and that, if it did so, it might in some respects be advantageous to the railway to put the work through quicker, but it may be wholly inadvisable to assent to such a scheme during a year when railway receipts show a downwards tendency. I am far from advocating that false species of economy which postpones necessary expenditure only to be faced by higher costs at a later date. But in present circumstances I feel that working expenses must be watched with a specially vigilant eye, and the Railway Board some months ago drew the attention of Agents to the matter and impressed on them the importance of keeping the financial aspect constantly in mind. Their attention will again be directed to the matter when they meet at Delhi in March. The repair of rolling stock is a branch of railway work in which much may be done to reduce expenditure by constant care and attention, and I am glad to be able to inform the House that both the average cost of standard repairs and the period during which an engine, wagon or carriage is detained in the shops continues to fall. In this region the results achieved by the East Indian Railway are particularly good and deserve special notice.

8. On the expenditure other than working expenses I need not dwell. As compared with 1928-29, interest and depreciation charges are up by Rs. 1,09 lakhs and Rs. 58 lakhs respectively, and the expenditure under surplus profits paid to Indian States and Railway Companies has been swollen by an unexpected throw forward into the current year of the surplus profits payable to the Burma Railways Company for the last nine months of 1928. On the basis of the revised estimates, we expect that at the close of the current year the figures will stand as follow. The total receipts from commercial lines we put at nearly Rs. 1,05 crores, which is Rs. 1¼ crores above the receipts for last year. The expenditure is estimated to be nearly Rs. 98 crores—an increase of Rs. 3¾ crores. The net gain from the commercial lines will then be Rs. 7 crores, out of which the loss on the strategic railways amounting to Rs. 1,81 lakhs has to be met. The balance of Rs. 5,26 lakhs is insufficient to meet the contribution of Rs. 6,12 lakhs to General Revenues, and we shall have to draw on our reserves to the extent of Rs. 86 lakhs.

Budget estimates for 1930-31.

9. The Budget figures for the coming year do not disclose any startling differences from the revised estimates. Our total receipts will, we estimate, amount to nearly Rs. 1,08 crores, a figure which is nearly Rs. 3 crores more than the revised estimates for the current year. The total expenditure we put at nearly Rs. 1,00 crores, an increase of slightly over Rs. 2 crores on the revised estimates. The final result is a net gain to the Railways of nearly Rs. 8 crores, which is about three-quarters of a crore better than the revised estimates of the current year. Out of the surplus, we shall have to meet the net loss on the strategic railways amounting to Rs. 1,80 lakhs and the contribution to general revenues amounting to Rs. 5,74 lakhs. Only a small balance of Rs. 34 lakhs will then remain to be added to the Reserve Fund.

10. One important change, which affects the figures both of receipts and expenditure, deserves special mention, I mean the purchase of the Southern Punjab Railway. Had we not taken advantage of the opportunity to purchase this year, our receipts in 1930-31 would be lower by about Rs. 1,44 lakhs and our working expenses by about Rs. 88 lakhs. It will be seen therefore, that our net receipts will be 56 lakhs higher owing to the completion of the purchase ; and, since our charges for interest on the purchase price are only 37 lakhs, we make a clear profit of 19 lakhs from the transaction. I have thought it worth while to mention the matter in order to make it clear that though the purchase of the line in the current year has meant a heavy drain on our capital resources, it is in itself a most profitable transaction resulting in a substantial increase in our railway revenues.

11. If we eliminate the increase in our traffic receipts ascribable to the purchase of the Southern Punjab Railway (making due allowance for the fact that the purchase affected also the last three months of 1929-30), it will be found that we are budgeting for an increase in gross traffic receipts of only about 2 crores. This, I think, is a reasonable estimate, for while we may fairly hope for a normal year, we are unfortunately not justified at present in anticipating any marked improvement in trade conditions. On the expenditure side, we anticipate an increase of Rs. 1 crore in the charge for interest and two-thirds of a crore under depreciation. Both these charges of course follow automatically from the increase in the capital at charge. For the rest, we expect an increase of three-quarters of a crore under working expenses (excluding depreciation). But here I must remind the House that not only revenue, but expenditure also is increased by the purchase of the Southern Punjab Railway, and if that factor is eliminated, the increase is only a quarter of a crore. That increase I can most conveniently discuss at a later stage. For the moment I will only say that, while we expect fairly substantial increases under Administration and Operation, we believe that these will to some extent be counterbalanced by a reduction under Repairs and Maintenance.

Capital Expenditure.

12. I turn now to the Capital Programme. We expected to spend during the current year Rs. 26½ crores on works the cost of which is debitable to capital, and we now estimate that the actual expenditure will be a little more than Rs. 24 crores. Next year the capital expenditure is placed at Rs. 16¾ crores. These figures show clearly how greatly the position has changed since 1927, when it still seemed possible that funds would be forthcoming to meet all reasonable requirements for railway development. It has now become evident that the most drastic reduction in the capital programme is inevitable, and that in present circumstances there is nothing for

it but to cut our coat according to our cloth. I need hardly say how deeply the Railway Board, and I personally, regret that it should be necessary to call a halt and to postpone the initiation of new projects urgently required to meet the need for improved traffic facilities, knowing as we do how great that need is. But financial exigencies have made retrenchment imperative.

13. How the Railway Board propose to deal with the situation is best explained in their own words, and I make no apology for quoting what is said in paragraph 25 of the Railway Board's Memorandum :

"It has become apparent that owing to existing conditions, not only in India but outside India as well, we are unlikely to obtain funds for capital expenditure on railways in the near future except at rates of interest substantially higher than those at which they have been procurable in the last three or four years. A rise in the rate of interest not only makes some projects either for extensions to the railway system or for improvements to the existing system unremunerative; it also makes it necessary to consider whether it is not wiser to postpone the inception of other projects which, even with a higher rate of borrowing, may still be remunerative, rather than to burden the railways of India with a large volume of indebtedness for money raised at a period of high interest rates. Consequently we have this year, and propose next year, to concentrate almost entirely on pushing schemes already in hand through to completion, so that we may obtain an early return on the money spent on them, and have avoided adding to our commitments at a time when the future is so uncertain by undertaking new schemes."

The Railway Board in the words quoted accurately express the policy laid down by the Government of India, but in one respect I am in a position to supplement what they say. When the scale of development expenditure is for any reason subjected to sudden and drastic curtailment, the danger always is that works in progress may have to be abandoned or postponed for an indefinite period when they are half way to completion, and if that happens, the inevitable consequence is that the money already spent is largely wasted because it cannot come to fruition until long after the due date. I am glad to be able to say that this result will not occur on the Indian railways to-day. In order to bring about the necessary reduction in capital expenditure, it has not been necessary to bring to a standstill important works in progress, and it has sufficed to refrain from the commencement of new projects which would have involved the railways in heavy commitments for future years. That this danger should have been averted is a satisfactory element in a difficult situation, and much credit is due to the Railway Board, and in particular to the Financial Commissioner, Mr. Parsons. But for the fact that, during the last four or five years, constant attention has been given to restricting the magnitude of our future commitments, it would have been impossible to avoid very serious dislocation in our plans.

14. Compulsory abstention from the initiation of new projects provides an opportunity for taking stock of the railway construction programme as a whole and for laying down the broad lines of policy which for the next three or four years we ought to try to follow. It is intended to take full advantage of this opportunity and to consider deliberately the best use which can be made of such funds as are likely to be available during that period. It is in connection with the Capital programme that the operations of the Railway Department chiefly affect the general finances of the Government of India, and in any review of policy the Finance Department must take its full share. The Government of India have decided that, in order that the position may be kept under control and that the best use may be made of all sums available for capital expenditure, the general questions of railway policy in their financial aspect should be brought under review at half-yearly intervals by the Finance and

Railway Members of the Government in consultation—once at the beginning of the Simla season and once at the time of the Agents' Conference in the autumn. I believe that very real advantages will result from this new arrangement and I am sure it will go far to relieve any anxiety felt by Members of this House that the Railway Department is a law unto itself and not amenable to salutary financial control. I ought perhaps to add that, while probably it will be matters connected with the capital programme which will most frequently come under review, that does not by any means exclude from consideration all proposed expenditure on the revenue side which is likely to affect substantially the financial results of the railways.

15. In a year like the present when we are rigidly restricting our capital expenditure, it is natural that there should not be much to say as regards particular projects. Of the works now in progress I need only mention the electrification of the ghat sections of the Great Indian Peninsula Railway and of the suburban railways at Madras, the new Perambur workshops of Madras and Southern Mahratta Railway, and the further prosecution of the Raipur Vizianagram Railway, which will ultimately provide the Central Provinces with a new outlet to the sea at Vizagapatam. The only new work of any magnitude which it is proposed to initiate is the doubling of the East Indian Railway line between Cawnpore and Tundla, which has become a matter of some urgency. A sum of Rs. 20 lakhs has been provided in the next year's Budget for doubling the most congested section between Shikohabad and Tundla. Of the works which we should like to have commenced but are unable to do so, I might perhaps mention the Dacca-Aricha Railway in Eastern Bengal and the branch lines intended to serve the cotton growing tracts north and south of Akola in Berar.

16. Having dealt with the Capital programme, I have in one sense completed my review of the railway finances for the year, but there are one or two matters about which I have hitherto said little or nothing, and to these I must refer before I close. One of them may be dismissed briefly in a sentence or two. In two successive years I was so fortunate as to be able to announce, at the time of the presentation of the Budget, substantial reductions in railway rates and fares. From the figures already given it must have been evident to Members of this House that on this occasion I shall not be able to make any similar announcement. At a time when we are compelled to draw upon the Reserve Fund in order to pay our contribution to General Revenues, it is obvious that we cannot contemplate any further reduction in rates and fares. Our first duty is to ensure the solvency of the railways and reductions which we should like to make in order to facilitate the movement of traffic must await the coming of better times But apart from that, at the present juncture there is a prior claim upon such surpluses and this brings me to the second subject to which I wish to allude.

17. When I presented the Railway Budget last year, I promised that we would set on foot a systematic examination of the service conditions of our lower paid employees in order to ascertain what were the measures most urgently called for in order to bring about an improvement, and I mentioned, amongst matters which required to be examined, not only the rates of pay and wages but also reductions of working hours, the extension of provident fund benefits to classes who do not at present enjoy them, and improvement in housing conditions and so on. In order to make this examination possible, the Assembly agreed, on the recommendation of the

Government of India, to the creation of a new appointment of Member of the Railway Board who would be specially charged with responsibility for all matters connected with the welfare of the enormous staff employed by the railways of India. It is right that I should attempt, however imperfectly, to convey to the House what has been done in order to carry out that promise.

18. Mr. Hayman assumed charge of his duties at the beginning of April last, and since then he must have been, I suppose, the busiest man at the headquarters of the Government of India. His work may be said to have fallen under five principal heads relating to :—

(1) improvement in the service conditions of the staff generally, and in particular of the lowest paid employees ;
(2) the Indianisation of the railway services and the elimination of racial discrimination ;
(3) the revision of the cadres of the superior services and of the methods of recruitment ;
(4) the relations of the railway management with the organisations of workmen, and
(5) the preparation of material, so far as the railways of India are concerned, for the Royal Commission on Labour.

It would take me much too long to attempt to enumerate in detail all the matters which have come up for review under the various heads. That would require a speech to itself, and some of the subjects can only be briefly referred to.

19. Under the head of Indianisation, I should like to mention the special efforts which have been made to bring the Transportation (Power) and the Mechanical Engineering Branches into line with the Civil Engineering and Transportation (Traffic) and Commercial Branches in the matter of Indianisation. A scheme for the training of apprentices has been in force since 1926, but the period of training being six years, it could not provide fully qualified officers until the end of 1932. In order to accelerate progress in this direction, when it became necessary to fill eight vacancies in the Transportation (Power) and Mechanical Engineering branches, it was decided to invite applications both in India and in the United Kingdom specifying the qualifications which represented the minimum which could be considered, in the hope that Indian candidates might be forthcoming who would be likely to develop into efficient officers. The age limit was also relaxed, so that the field of selection might not be limited. The result has been that four Indians have been appointed to the Transportation (Power) Department and three to the Mechanical Engineering Department. Although there were only two vacancies in the latter branch, a third Indian has been appointed as a special probationer in anticipation of the occurrence of a vacancy. It is proposed to continue similar arrangements until 1933 when the scheme for the training of apprentices will bear fruit and provide the requisite number of Indians for these Departments.

20. Under this head I must also refer to the elimination of racial discrimination, but I can only do so briefly. The whole question has been systematically considered and we have now reached a stage when the material has been digested and consultation with the Central Advisory Council is likely to be both helpful and fruitful.

21. I must now turn to the most important head of all, namely the improvement of the service conditions of the lowest paid railway servants,

and here there are several questions which demand more detailed notice. In May last, I received a deputation of the All-India Railwaymen's Federation when a number of important subjects were fully and frankly discussed and our examination of service conditions has proceeded largely on the basis of the representations then made. First, I may mention the matter in which we have been able to make the most rapid progress, I mean what is sometimes called security of tenure and which arises out of the complaints of alleged wrongful dismissal or discharge from railway service. This was a matter to which the Federation attached great importance, and a new set of rules has been issued which it is believed will go far to meet the complaints made on this subject. I cannot enter into details now, but copies of the rules have been placed in the Library, and it is my intention also that copies should be supplied to all members of the Central Advisory Council.

22. Next comes the revision of the leave rules. That is a question which has been under consideration since 1924, but it proved impossible, owing to the defective organisation of the Railway Board, to bring the matter to a head until the new Member was appointed. The rules hitherto in force have been defective in two vital particulars. In the first place, the rules applicable to staff taken over with the East Indian, Great Indian Peninsula and Burma Railways when they were acquired by the State were manifestly open to the charge of racial discrimination, and, in the second place, the existing rules in force on the old State Railways are liberal enough in theory but operated in practice to the prejudice of employees in inferior service, owing to the condition that the grant of leave must impose no extra cost on the State. The new leave rules have now been settled and are on the eve of publication.

All new recruits will come under the new rules and those at present in service will be given the option of electing to be brought under them. These rules eliminate the objectionable features involving racial considerations of the existing leave rules on the East Indian, Great Indian Peninsula and Burma Railways.

So far as the inferior servants are concerned, the no extra cost condition is abandoned and the effect will be that a number of daily-rated employees, particularly in the workshops, will be admitted to privileges which they had not previously enjoyed. I may add that instructions will be issued to Agents that where necessary in order to enable inferior servants and other subordinate staff to take the leave admissible under the new rules, additional staff must be recruited in order to form a leave reserve. Here again as soon as the new rules are issued, I shall be glad to place copies in the Library and to furnish copies to members of the Central Advisory Council.

23. Next I would refer to the question of hours of employment and periods of rest, and here my reference must be brief, for the Bill which is intended to secure the application to railway servants in India of the 60 hour week and the weekly rest day provided for in the Washington and Geneva Conventions will come before the Assembly at an early date. Before the details of the scheme could be worked out, an immense amount of spade work has been necessary, the whole burden of which has fallen upon the Labour Member of the Board. The recurring expenditure which the scheme will involve will certainly be not less than Rs. 50 lakhs per annum and may amount to as much as Rs. 60 lakhs. It also necessitates the expenditure of something like Rs. 50 lakhs on the capital side, in order to provide quarters for the additional staff.

24. There are other matters which have come under review under these heads such as improvement in the service conditions of workshop

employees, the acceleration of the payment of monthly wages, and welfare subjects such as education, co-operative credit societies and the staff benefit fund, but the only one upon which I can attempt to enlarge is the revision of the wages of the lower paid staff. This is obviously a question of great importance, but if unnecessary expenditure is to be avoided it also requires the closest and most systematic examination. Mr. Hayman, rightly I think, commenced his investigation on the Calcutta railways, and the principal question which he discussed with the Agents was the wage which should be paid to the lowest unskilled class of labour comprising gangmen, porters, bhistis, watermen, sweepers, etc. After the discussions with the Agents, a detailed scheme was prepared, in the first instance for the Eastern Bengal Railway, and in broad outline this has now been approved by the Railway Board, though certain details have still to be worked out. It has taken time to settle, because it was all important in the first case which came under consideration, to lay down the general principles which ought to regulate such matters, for if schemes are adopted without sufficient consideration, there is a very real danger that public money may be wasted. Now that the first scheme has been passed and the general principles laid down, progress should be much more rapid upon other railways.

25. I have attempted, very imperfectly I fear, to give the Assembly some idea of the magnitude and complexity of the problems with which the Labour Member of the Railway Board has had to deal. I wish it had been possible, before the discussion of the Railway Budget, to lay on the table of the House a memorandum giving a full account of all that has been done. It is my intention in any case to submit such a memorandum for the information of the Central Advisory Council, but it was impossible to get it into shape before the presentation of the Railway Budget, since the inevitable result must have been to delay progress in the schemes under consideration, and that had to be avoided at all costs. In winding up this part of my speech, I will only say this, that it is open to any Member of the Legislature to blame the Government of India because these matters were not taken in hand in earnest at an earlier date, and if that charge were made, I should not be too much concerned to reply to it. But if the accusation be that since the new Member of the Railway Board was appointed to deal with all the staff questions there has been any avoidable delay in subjecting them to a scrutiny at once sympathetic and systematic and taking all possible steps to bring about the earliest possible solution, then I would only say that that charge is without foundation and could only be made by those who are unacquainted with the facts. During the last eleven months Mr. Hayman has thrown himself whole-heartedly into the discharge of the important duties which have fallen to his lot. He has given his whole energies unsparingly to their successful accomplishment. I should like to take this opportunity of making clearly known the high value which the Government of India place on the services he has rendered.

26. I turn now to the question of the expenditure involved in giving effect to the various schemes of improvement. In the first place, there is the cost of the additional staff required in order to secure compliance with the Washington and Geneva Conventions and the capital cost of the quarters for that staff. In the second place, there are the schemes for the revision of pay of the lowest paid employees of the railways which must obviously involve extra expenditure, and in the third place, there is the extra staff

which will be needed if the new leave rules are to effect a real as distinct from a normal improvement in service conditions. Very naturally and properly Members of the Assembly may ask what provision has been made in the Budget to cover this expenditure. It will be seen from the Railway Board's Explanatory Memorandum that of a provision of Rs. 28 lakhs under Revenue in the current year's Budget it is not expected that much more than Rs. 18 lakhs will be spent before the 31st of March next and in the Budget for the next year there is provision for Rs. 25 lakhs in all under Revenue and a similar sum under Capital for the construction of quarters. Are these sufficient, it may be asked, to meet the expenditure likely to be incurred ?

27. I may say at once that quite possibly these sums will prove to be insufficient, and I should like to explain to the House the reasons why Government have not included in the estimates a larger provision. One reason is that at the present stage of our enquiries it is not possible to estimate with any accuracy the magnitude of the sums involved. Take for example, the introduction of the new leave rules and the recruitment of additional staff to provide the leave reserve. These rules will apply automatically only to new recruits, and officers already in service will not come under them, unless they elect to do so. We do not know what number of officers may choose the new rules, nor can we tell whether in all cases recruitment of additional staff will be necessary. If, for example, in a workshop the existing staff is redundant having regard to the volume of work to be done, it may be quite possible to introduce the new rules without any increase in expenditure. In the second place, experience has almost invariably shown that when new schemes are being introduced the money is never spent so fast as was originally anticipated, and allowance must be made for that factor. Finally, I must mention the need for economy in the working expenses of the railways to which I alluded at an earlier part in my speech. It would have been quite possible to make larger provisions in the Budget and thereby swell the total working expenses, but this we did not consider advisable. I am anxious to make plain to the Railway Administrations the importance which Government attach to keeping revenue expenditure within bounds. I am inclined to think that an effective means of securing this is to keep the estimate of working expenses on the low side. One point, however, I desire to make clear. If and when we are satisfied that the introduction of well-considered schemes involving expenditure are necessary in order to secure the welfare and contentment of our staff, and if we find that the cost of these schemes cannot be met without raising our working expenses to a higher figure than is set down in the Budget, we shall not hesitate to place supplementary estimates before the Assembly and ask the House to sanction the additional expenditure. I am anxious to make this clear, because when our review of service conditions discloses the fact that there are legitimate grievances, then it is the desire of the Government of India and of the Railway Board that they should be redressed with as little delay as possible.

28. I will not apologise, Mr. President, for dwelling at some length on these matters which so deeply concern the interests of the great body of railway servants in India. It is impossible for me, however, to dilate upon them longer to-day. I desire only, before bringing my speech to a conclusion, to thank the House for the patience with which they have heard me, and if I may, to acknowledge the friendliness and courtesy with which the Members of this House have always listened to what I could tell them about the affairs of our railways.

BUDGET

of the

Railway Revenue and Expenditure of the Governor-General in Council

As laid before the

Indian Legislature, 1930.

RAILWAY DEPARTMENT;
New Delhi, the 17th February 1930.

A. A. L. PARSONS,
Financial Commissioner of Railways.

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1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1928-29.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings :—						
Upper class . .	4,35,61,638	...	...	4,35,61,638	4,21,00,000	...
Third class . . .	30,36,38,377	...	...	30,36,38,377	31,18,00,000	...
Other coaching traffic earnings.	6,03,19,275	...	...	6,03,19,275	5,57,00,000	...
Goods traffic earnings .	66,89,01,025	...	...	66,89,01,025	66,37,00,000	...
Hire charges and other payments from Railways.	61,05,986	...	...	61,05,986	...	...
Sundry earnings . . .	2,02,48,493	6,43,141	10	2,08,89,643	1,98,53,000	6,43,000
Total earnings .	1,10,27,79,793	6,43,141	10	1,10,34,15,944	1,09,31,53,000	6,43,000
Deduct—Refunds of Revenue collected.	*15,33,254*	...	...	*15,33,254*	*17,70,000*	...
Deduct—Earnings of worked lines.	*7,26,71,239*	...	...	*7,26,71,239*	*6,34,50,000*	...
Earnings of State Railways.	1,02,85,68,301	6,43,141	10	1,02,92,11,451	1,02,79,53,000	6,43,000
Suspense	—25,02,387	...	...	—25,02,387	..	
Gross receipts of State Railways.	1,02,60,65,913	6,43,140	10	1,02,67,09,064	1,02,79,53,000	6,43,000
Deduct—Working expenses of State Railways.*	*64,36,22,796*	*47,56,464*	*5,340*	*64,83,84,600*	*66,19,66,000*	*58,94,000*
Surplus profits paid to Indian States and railway companies.	*1,59,14,166*	...	...	*1,59,14,166*	*1,51,50,000*	...
Net receipts . . .	36,65,28,951	—41,13,323	—5,330	36,24,10,298	35,08,37,000	—46,51,000
(b) Strategic lines—						
Gross receipts .	1,66,80,534	...	...	1,66,80,534	1,64,10,000	...
Deduct—Refunds of Revenue collected.	*15,288*	...	...	*15,288*	*10,000*	...
Working expenses . .	*1,98,60,798*	...	...	*1,98,60,798*	*2,09,73,000*	...
Net receipts . . .	—31,95,552	...	...	—31,95,552	—45,73,000	...
Total net receipts, Commercial and Strategic lines.	36,33,33,399	—41,13,323	—5,330	35,92,14,746	34,62,64,000	—46,51,000
XII.—Subsidized Companies: Government share of surplus profits, etc.	11,64,808	27,18,942	276	38,84,026	16,92,000	45,26,000
XII-A. Miscellaneous Railway Receipts—						
(a) Commercial lines—						
Interest on Depreciation and Reserve Fund balances.	1,04,13,368	...	...	1,04,13,368	1,27,85,000	...
Dividend on investments in branch lines and other Miscellaneous Receipts.	11,57,252	...	...	11,57,252	11,25,000	...
(b) Strategic lines—						
Interest on Depreciation Fund balances.	2,06,558	...	...	2,06,558	3,10,000	..
Total receipts .	37,63,75,385	—13,94,381	—5,054	37,48,75,950	36,21,76,000	—1,25,000
Deficit in Railway Revenue transferred from Reserve to meet in full the contribution to General Revenues .	...	..	...	...	86,30,000	...
Total .	37,63,75,385	—13,94,381	—5,054	37,48,75,950	37,08,06,000	—1,25,000

*For details see statement 1 (a).

Government from Railways in India and England.

1929-30.		Increase (+) Decrease (−) as compared with Budget, 1929-30.	Budget Estimate, 1930-31.				Increase (+) Decrease (−) as compared with Revised, 1929-30.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	4,21,00,000	−41,00,000	4,31,00,000	...	...	4,31,00,000	+10,00,000
...	31,18,00,000	−28,75,000	31,76,00,000	...	...	31,76,00,000	+58,00,000
..	5,57,00,000	−36,00,000	5,73,00,000	...	..	5,73,00,000	+16,00,000
...	66,37,00,000	−1,25,50,000	67,87,00,000	...	...	67,87,00,000	+1,50,00,000
...	...	−68,00,000	...	...	...	...	...
4,000	2,05,00,000	+10,00,000	2,04,57,000	6,43,000	..	2,11,00,000	+6,00,000
4,000	1,09,38,00,000	−2,89,25,000	1,11,71,57,000	6,43,000	...	1,11,78,00,000	+2,40,00,000
...	*17,50,000*	+2,50,000	*17,50,000*	...	...	*17,50,000*	...
...	*6,34,50,000*	*−42,75,000*	*5,49,50,000*	...	...	*5,49,50,000*	*−85,00,000*
4,000	1,02,86,00,000	−2,49,00,000	1,06,04,57,000	6,43,000	...	1,06,11,00,000	+3,75,00,000
...	...	...	...	...	...	...	...
4,000	1,02,86,00,000	−2,49,00,000	1,06,04,57,000	6,43,000	...	1,06,11,00,000	+3,25,00,000
37,000	*66,72,97,000*	*+1,55,97,000*	*67,57,91,000*	*50,91,000*	...	*68,08,82,000*	*+1,35,85,000*
...	*1,51,50,000*	*+26,50,000*	*1,22,00,000*	...	...	*1,22,00,000*	*−29,50,000*
−33,000	34,61,53,000	−4,31,47,000	37,24,66,000	−44,48,000	...	36,80,18,000	+2,18,65,000
...	1,64,10,000	−90,000	1,64,10,000		...	1,64,10,000	...
...	*10,000*	*+10,000*	*10,000*	...		*10,000*	..
...	*2,09,73,000*	*+6,73,000*	*2,09,43,000*	...	...	*2,09,43,000*	*−30,000*
...	−45,73,000	−7,73,000	−45,43,000		..	−45,43,000	+30,000
−33,000	34,15,80,000	−4,39,20,000	36,79,23,000	−44,48,000		36,34,75,000	+2,18,95,000
32,000	62,50,000	+2,50,000	17,68,000	1,32,000	...	19,00,000	−43,50,000
...	1,27,85,000	+2,10,000	1,38,88,000	.	...	1,38,88,000	+11,03,000
...	11,25,000	...	13,30,000	..	...	13,30,000	+2,05,000
.	3,70,000	+10,000	4,07,000	...	...	4,07,000	+37,000
−1,000	36,20,50,000	−4,34,50,000	35,53,16,000	−4 , 6,000	...	38,10,00,000	+1,89,50,000
...	86,30,000	+86,30,000	...	...	...	...	−86,30,000
−1,000	37,06,80,000	−3,48,20,000	38,53,16,000	−43,16,000	...	38,10,00,000	+1,03,20,000

1(*a*).—Statement of Working Expenses of State

Heads of working expenses.	Accounts, 1928-29.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration	13,41,81,675	43,56,464	5,340	13,85,43,479	13,42,69,000	48,94,000
Repairs and maintenance .	17,57,25,727	...	...	17,57,25,727	18,07,00,000	...
Operation	25,72,48,095	4,00,000	...	25,76,48,095	25,76,60,000	4,00,000
Depreciation	11,60,46,566	...	...	11,60,46,566	12,18,07,000	...
Suspense	—32,44,354	...	...	—32,44,354	...	...
Total .	67,99,57,709	47,56,464	5,340	68,47,19,513	69,45,26,000	52,94,000
Deduct—Share of Worked Lines.	*3,63,34,913*	...	...	*3,63,34,913*	*3,25,60,000*	...
Working Expenses . .	64,36,22,796	47,56,464	5,340	64,83,84,600	66,19,66,000	52,94,000

Railways—Commercial Lines.

1929-30.		Increase (+) Decrease (—) as compared with Budget, 1929-30.	Budget Estimate, 1930-31.				Increase (+) Decrease (—) as compared with Revised, 1929-30.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
37,000	13,92,00,000	+17,00,000	13,55,09,000	46,91,000	...	14,32,00,000	+40,00,000
...	18,07,00,000	+97,00,000	17,30,75,000	...	...	17,30,75,000	—76,25,000
...	25,80,60,000	+17,60,000	26,38,60,000	4,00,000	...	26,42,60,000	+62,00,000
...	12,18,97,000	—3,000	12,82,57,000	...	...	12,82,57,000	+63,60,000
...	...	...	...	...	...	...	...
37,000	69,98,57,000	+1,31,57,000	70,37,01,000	50,91,000	...	70,87,92,000	+89,35,000
...	3,25,60,000	—24,40,000	2,79,10,000	...	...	2,79,10,000	—46,50,000
37,000	66,72,97,000	+1,55,97,000	67,57,91,000	50,91,000	...	68,08,82,000	+1,35,85,000

2.—Statement of the expenditure on Railways charged to

Heads of Expenditure.	Accounts, 1928-29.				Revised Estimate.	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
(a) Commercial lines—						
Interest—						
on Government capital at charge	15,96,03,638	10,43,29,536	1,38,796	26,40,71,970	16,82,54,000	10,73,06,000
on capital contributed by Indian States and Companies.	4,03,451	1,46,11,594	27,282	1,50,42,326	4,15,000	1,51,72,000
Total interest, commercial lines	16,00,07,089	11,89,41,130	1,66,077	27,91,14,296	16,86,69,000	12,04,78,000
(b) Strategic lines— Interest on capital at charge	1,41,81,448	...	...	1,41,81,448	1,37,50,000	...
Total interest	17,41,88,537	11,89,41,130	1,66,077	29,32,95,744	18,24,19,000	12,04,78,000
11. Subsidized Companies— Land and subsidy	2,91,370	...	...	2,91,370	7,20,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	23,37,563	8,26,872	1,064	31,65,502	34,82,000	14,63,000
Strategic lines	29,707	...	...	29,707	80,000	..
Payments to general revenues—						
Contribution*	5,23,19,457	...	...	5,23,19,457	6,11,86,000	...
One-third of the excess of railway surplus over three crores.	...	...	...	...	...	...
Total payment to general revenues	5,23,19,457	...	...	5,23,19,457	6,11,86,000	...
12A—Surplus Railway Revenue transferred to Railway Reserve Fund.	12,57,74,170	...	...	2,57,74,170	...	...
Total	25,49,40,807	11,97,68,002	1,67,141	37,48,75,950	24,78,87,000	12,19,41,000

* For details see Statement 2 (a).

the revenue of the Central Government in India and in England.

1929-30.		Increase (+) Decrease (—) as compared with Budget, 1929-30.	Budget Estimate, 1930-31.				
Exchange.	Total.		India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1929-30.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
7,50,000	27,63,10,000	—4,84,000	17,71,13,000	10,94,43,000	...	28,65,56,000	+1,02,46,000
92,000	1,36,79,000	+73,000	4,20,000	1,31,92,000	...	1,36,12,000	—67,000
8,42,000	28,99,89,000	—4,11,000	17,75,33,000	12,26,35,000	...	30,01,68,000	+1,01,79,000
...	1,37,50,000	—3,00,000	1,38,50,000	...	...	1,38,50,000	+1,00,000
8,42,000	30,37,39,000	—7,11,000	19,13,83,000	12,26,35,000	..	31,40,18,000	+1,02,79,000
...	7,20,000	—80,000	6,00,000	...	...	6,00,000	—1,20,000
10,000	49,55,000	—2,00,000	43,48,000	12,32,000	...	55,80,000	+6,25,000
...	80,000	+20,000	50,000	...	...	50,000	—30,000
...	6,11,86,000	...	5,73,57,000	...	...	5,73,57,000	—38,29,000
...	...	—12,86,000	...	...	...	...	...
...	6,11,86,000	—12,86,000	5,73,57,000	...	...	5,73,57,000	—38,29,000
...	...	—3,25,73,000	33,95,000	...	...	33,95,000	+33,95,000
8,52,000	37,06,80,000	—3,45,20,000	25,71,33,000	12,38,67,000	...	38,10,00,000	+1,03,20,000

2 (*a*).—Contribution from Railway to General Revenues, 1929-30.

(Based on actuals, 1927-28.)

	Rs.	Rs.
1. 1 per cent. on capital of 16,62,32,57,749 at charge, commercial lines	...	6,62,32,577
2. (i) Receipts—Commercial lines—		
Gross traffic receipts	1,02,63,32,568	
Subsidised Companies, share of surplus profits	35,60,366	
Interest on Depreciation and Reserve Fund balances	79,85,954	
Dividend on investments in branch lines and other miscellaneous receipts	8,16,714	
		1,03,86,95,602
(ii) Charges— Commercial lines—		
Working expenses	63,29,09,005	
Indian States and Railway Companies' share of surplus profits	1,57,13,502	
Interest—		
On capital at charge	24,41,19,106	
On capital contributed by Indian States and Companies	1,51,86,337	
Land and subsidy	5,32,515	
Miscellaneous railway expenditure	48,11,850	
Contribution at 1 per cent. on capital at charge	6,62,32,577	
		97,95,64,892
(iii) Surplus	...	5,91,30,710
(iv) Contribution of one-fifth of surplus	...	1,18,26,142
3. (i) Total contribution from railway revenues [1 *plus* 2 (iv)]	...	7,80,58,719
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital of 32,41,78,507	1,34,02,657	
(ii) Loss in working	34,70,099	
		1,68,72,756
(ii) Net payment due from railway to general revenues in 1929-30	...	6,11,85,963

2 (*a*).—Contribution from Railway to General Revenues, 1930-31.

(Based on actuals, 1928-29.)

	Rs.	Rs.
1. 1 per cent. on capital of 6,93,73,40,682 at charge, commercial lines	...	6,93,73,407
2. (i) Receipts—Commercial Lines—		
Gross traffic receipts	1,02,67,09,064	
Subsidised Companies' share of surplus profits	38,84,026	
Interest on Depreciation and Reserve Fund balances	1,04,13,368	
Dividend on investments in branch lines and other miscellaneous receipts	11,57,252	
(ii) Charges—Commercial Lines—		1,04,21,63,710
Working expenses	64,83,84,600	
Indian States and Railway Companies' share of surplus profits	1,59,14,166	
Interest—		
On capital at charge	26,40,71,970	
On capital contributed by Indian States and Companies	1,50,42,326	
Land and subsidy	2,91,370	
Miscellaneous railway expenditure	31,65,502	
Contribution at 1 per cent. on capital at charge	6,93,73,407	
		1,01,62,43,341
(iii) Surplus		2,59,20,369
(iv) Contribution of one-fifth of surplus		51,84,074
3. (i) Total contribution from railway revenues [1 *plus* 2 (iv)]		7,45,57,481
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital of 33,10,28,596	1,41,81,448	
(ii) Loss in working	30,18,701	
		1,72,00,149
(ii) Net payment due from railway to general revenues in 1930-31	...	5,73,57,332

3.—Statement of receipts of the Central Government in India and England for State

Heads of Account.	Accounts, 1928-29.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XLI.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways . . .	14,794	...	...	14,794	...	..

Capital contributed by Railway Companies and Indian States towards outlay on Railways.

1929-30.			Budget Estimate, 1930-31.				
Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1929-30.	India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1929-30.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	...	—2,65,19,000	...	...	...	...	...

4.—Statement of the Capital Expenditure of the

Heads of Expenditure.	Accounts, 1928-29.				Revised Estimate	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue :—						
83.—Construction of State Railways :—						
(a) Commercial Lines—						
Open Line Works—						
Rolling Stock . . .				3,06,01,000		
Other Works . . .				12,95,17,490		
New Construction . .				8,79,72,000		
Suspense				—44,81,507		
Purchase of Railways and branch line shares . .				31,17,000		
Deduct—Probable Throw forward				...		
Total .	14,97,41,629	9,68,48,339	1,36,015	24,67,25,983	13,74,99,000	16,93,73,000
(b) Strategic Lines—						
Open Line Works—						
Rolling Stock . . .				4,80,000		
Other Works . . .				15,41,089		
New Construction . . .				48,29,000		
Total .	68,50,089	...	...	68,50,089	40,00,000	...
Total Commercial and Strategic Lines .	15,65,91,718	9,68,48,339	1,36,015	25,35,76,072	14,14,99,000	16,93,73,000
83-C.—Discharge of Debentures . .	...	4,00,00,000	—69,324	3,99,30,676	...	...

Central Government in India and England on Railways.

1929-30.			Budget Estimate, 1930-31.				
Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1929-30.	India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1929-30.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	6,01,40,000	+19,40,000				3,85,25,000	—2,16,15,000
...	11,58,35,000	—1,23,65,000				8,78,75,000	—2,79,60,000
...	6,75,00,000	—1,87,00,000				5,00,00,000	—1,75,00,000
...	—64,25,000	—5,25,000				—75,00,000	—10,75,000
...	7,10,07,000	+7,40,000				...	—7,10,07,000
...	...	—65,00,000		39,00,000	...	39,00,000	+39,00,000
11,85,000	30,80,57,000	—2,24,10,000	12,14,00,000	4,36,00,000	...	16,50,00,000	—14,30,57,000
...	10,60,000	—8,40,000				8,75,000	—1,85,000
...	13,40,000	+40,000				14,85,000	+1,45,000
...	16,00,000	...				1,40,000	—14,60,000
...	40,00,000	—8,00,000	25,00,000	...	...	25,00,000	—15,00,000
11,85,000	31,20,57,000	—2,32,10,000	12,39,00,000	4,36,00,000	...	16,75,00,000	—14,45,57,000
...	...	—2,65,19,000	...	...	...	...	

A.—Railway Depreciation Fund

	Accounts, 1928-29.	Budget Estimate, 1929-30.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.		Accounts, 1928-29.	Budget Estimate, 1929-30.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	9,00,82,911	11,50,82,911	11,40,96,631	12,50,96,631	Appropriation from Depreciation Fund.	9,59,84,100	10,50,00,000	11,50,00,000	8,50,00,000
Appropriation to Depreciation Fund.	11,99,97,820	12,60,00,000	12,60,00,000	13,25,00,000	Closing balance.	11,40,96,631	13,60,82,911	12,50,96,631	17,35,96,631
TOTAL	21,00,80,731	24,10,82,911	24,00,96,631	25,75,96,631	TOTAL	21,00,80,731	24,10,82,911	24,00,96,631	25,75,96,631

B.—Railway Reserve Fund.

	Accounts, 1928-29.	Budget Estimate, 1929-30.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.		Accounts, 1928-29.	Budget Estimate, 1929-30.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	15,84,69,810	19,29,83,910	18,42,43,980	17,56,13,980	Appropriation from Reserve Fund.	...	...	86,30,000	...
Appropriation to Reserve Fund.	2,57,74,170	3,25,73,000	...	33,95,000	Closing Balance.	18,42,43,980	22,55,56,810	17,56,13,980	17,90,08,980
TOTAL .	18,42,43,980	22,55,56,810	18,42,43,980	17,90,08,980	TOTAL .	18,42,43,980	22,55,56,810	18,42,43,980	17,90,08,980

Speech by the Hon'ble Mr. T. G. Russell, Chief Commissioner of Railways, in presenting the Railway Budget for 1930-31 in the Council of State.

SIR,

In rising to present a statement of the estimated revenue and expenditure of the Governor General in Council for the year 1930-31 in respect of Railways, I must, first of all, crave the Council's indulgence. It must always, I imagine, be a nervous moment for a new Member when he first catches your eye, Sir, and stands up to make his maiden speech. But I venture to submit that the task is still more intimidating when that speech has necessarily to deal with a complicated mass of figures, and this, of course, cannot be avoided in presenting the Railway Budget. I can only say that I shall do my best to be as little wearisome as possible to the Council, and even if I fail in that endeavour, I trust that Honourable Members will overlook the shortcomings of an inexperienced recruit to their ranks.

2. I do not think I need spend much time on the final results of last year, for they are generally known. Our traffic in February and March fell below our expectations, and chiefly for this reason we were able to carry only 2,58 lakhs to our reserve instead of the 3,45 lakhs we had expected. Even so, the balance in the reserve at the beginning of the present year amounted to the satisfactory figure of about 18½ crores. We also put 2,40 lakhs net into the depreciation fund raising the balance in that fund to nearly 11½ crores. This was much what we expected when my predecessor presented last year's statement to the Council.

3. I can now turn to the current year, and I must admit that we have not done as well as we had reason to expect. Our traffic has suffered from the prolonged labour troubles in Bombay and from the heavy floods in certain parts of the country, while the general trade depression has counteracted the stimulating effect for which we had hoped from the reductions of rates and fares during the past two years. It is only owing to our purchase of the Southern Punjab Railway in January last and to the pilgrim traffic to the Kumbh Mela at Allahabad which seems to have surpassed all past records, that we are able to estimate our traffic receipts from commercial lines at 1,02 crores 86 lakhs, which is 80 lakhs above last year's figures. But, even so, we shall be 1,81 lakhs below the original budget figure. The Council will realise that these are estimates prepared when the results of two of the heaviest traffic months are still unknown, and as in these months our earnings may easily vary by 20 lakhs from one week to another, a forecast is extremely difficult. Actually last week our earnings showed signs of improvement, and if this is maintained we may do better than we now think it safe to expect. It is the parcels and goods traffic which have been particularly disappointing. Parcels traffic in prevailing conditions has not responded to the reductions in rates which we introduced in January 1929, and, except for coal and cotton, there have been—or had been up to the 25th of January—substantial decreases in the loadings of most of the principal commodities that we carry. Even with coal, I am afraid, the increase is due more to the fact that railways started the current year with depleted stocks which they had to fill up than to any marked increase in the public demand.

Our working expenses have also been higher than we had reason to expect a year ago. I will not go into certain accounts adjustments which affect the comparative figures; such Honourable Members as may be interested in them will find an explanation of them in our budget memorandum. Briefly, we have had to pay about 18 lakhs for the repair of flood damages and our bill for repairing

and maintaining rolling stock has also risen substantially. I should like to explain, however, that this is not due to any increase in the actual cost of repairs, which is still falling satisfactorily. Taken as a whole, it can be ascribed to the fact that we have found it necessary to repair more locomotives and other rolling stock in the current year in order to keep the stock in first-rate condition, partly because the strikes in the Bengal Nagpur Railway's workshops at Khargpur and in the South Indian Railway's workshops at Negapatam had caused those railways to fall into arrears in their repair programmes.

The increase in our working expenses over the previous year's figure is also partly due to the efforts we are making to improve the conditions in which our lower paid employees work. Honourable Members will find in the budget memorandum a good deal about what we have achieved in this direction in the current year; it is not as much as we could have wished. We have been delayed to some extent in giving effect to the Washington and Geneva Conventions relating to hours of work and the weekly day of rest by the fact that the Bill which will enable us to deal comprehensively with this matter is still on the legislative anvil. But all our arrangements are ready as soon as that Bill is passed into law for giving effect to its provisions. We are also well advanced with proposals for revising the scales of pay of lower paid staff where on investigation they are found to be too low; and in fact I hope that we shall be able to issue orders on this point with regard to one of the State-managed railways in the course of the next week or two. But I am sure Honourable Members will recognise that any comprehensive revision means a great deal of detailed investigation to secure that the money is spent where it is really needed, and that this detailed investigation must necessarily take some time. I can, however, assure the House that this matter is being most actively pursued, for within the limits of our means we are anxious to remove any legitimate cause for complaint on the part of our employees that they are under-paid for the work which they do. What we want is a contented staff, and a staff which, because it is contented, is efficient. At the same time it is our duty to see, and we propose to see, that no concession is given to demands which are unreasonable. It must be realised that it is the railway user who foots the bill and we have his interests also to consider. We feel sure that no one would wish that the railway servant should not receive a fair wage, but it must be a fair wage for a fair day's work.

4. I must return to the figures of our revised estimates. We have had to pay in the current year instead of in 1928-29, as we had expected, the surplus profits for the last nine months of the Burma Railways contract to the Company, it is this in the main that has led to an excess of over a quarter of a crore over the budget estimate here. We have also got to find 1,09 lakhs more than in the previous year for interest on the capital invested in railways, and, owing to the development of the railway system and its equipment, to provide 58 lakhs more for depreciation. The final result is that we anticipate total receipts from commercial lines of 1,04 crores 88 lakhs, which is 1,28 lakhs higher than last year's figure, and total charges of 97 crores 81 lakhs, which is 3,74 lakhs higher than last year's figure. If these estimates prove accurate we should be left with a surplus on commercial lines of 7,07 lakhs, of which 1,81 lakhs will be required to meet the loss on strategic lines. Chiefly owing to flood damages, that loss is expected to be some 9 lakhs more than last year. There will be a balance of 5,26 lakhs which will go towards our contribution to general revenues. But the present arrangements are that the fixed contribution is calculated on the results of two years back and 1927-28 was a better year for us than the average. We have therefore to find 6,12 lakhs as our fixed contribution this year, and, on our present estimates, have only 5,26

lakhs with which to meet it. We shall consequently have to draw 86 lakhs from our reserve fund, reducing the balance in the fund at the end of the current year to 17 crores 56 lakhs. Our operations against the depreciation fund are expected to result in an increase of 1,10 lakhs in the balance in the fund, leaving the balance at the end of the year just over 12½ crores. To sum up, I think we may say that though for the reasons I have given, 1929-30 has been a poor year for railways, they have not, considering all the vicissitudes of the year, done too badly and at the end of the year their financial position is still quite sound.

5. It is always difficult to make a satisfactory forecast of what the Railways may expect to do in the succeeding year, for we have, under the present arrangements, to frame that forecast at a time when there is very little to go on; so much depends on what the monsoon will be like and also on the general state throughout the year of trade and industry. But it is more than usually difficult, I think, to frame reliable estimates for next year in view of the existing trade depression, and of the other conditions prevailing in India to-day which undoubtedly have their repercussions on our traffic. We have assumed, as we usually do, that the monsoon will be normal, and that there may be perhaps some slight recovery in trade; but while we have tried to avoid undue pessimism, we have not thought it wise to be too optimistic. We are therefore only anticipating a moderate growth in our traffic receipts. We put our gross receipts from commercial lines at 1,07 crores 82 lakhs which is just less than 3 crores above our present revised estimate; but it must be remembered that we shall be getting the whole receipts for a complete year from the Southern Punjab Railway instead of for only 3 months; and these are estimated at 1,70 lakhs.

Our working expenses we expect to be 68 crores 9 lakhs, which is 1,36 lakhs more than the revised estimate; but nearly half of this is due to the larger sum which we shall require to put into the depreciation fund. We are providing 25 lakhs for the introduction of further schemes to improve the lot of our lower paid employees in accordance with the policy which I have already explained to the House, and have also to expect a growth of about 12 lakhs in our fuel bill partly because the price of market coal is likely to be higher than it has been the last year or two; and partly owing to the increased use of electric power on the Great Indian Peninsula Railway. Lastly—I am only attempting to mention some main items in the account, full details of which are in the memorandum—we shall want 65 lakhs more for working expenses of the Southern Punjab Railway, representing the amount which would have been paid by the Company, had it continued in existence. Of the charges other than working expenses I need only mention a further growth of 1,02 lakhs for interest.

To sum up, our budget estimates assume total receipts from commercial lines of 1,07 crores 82 lakhs and total charges of 99 crores 94 lakhs giving us a surplus of 7,88 lakhs. As an indication that our estimates have been prepared on cautious lines I would mention that this figure is lower than the surplus actually obtained in any year since 1923-24, though it is 81 lakhs above our revised estimate for the current year. After paying the loss on strategic lines, which we put at 1,80 lakhs, it will suffice to pay the fixed contribution of 5 crores 74 lakhs to general revenues and will leave a small balance of 34 lakhs for transference to the railway reserve. I shall be dealing in a minute or two with our programme of work which will be financed from capital and the depreciation fund next year; and will only mention here that the effect of that programme will be to reduce our withdrawals from the fund substantially, so that the balance in the fund at the end of the year will be increased by 4,75 lakhs to 17 crores 26 lakhs.

Before, however, I turn to the programme of works, there are two subjects which I should like to mention to the Council.

6. The subject of improving amenities for passengers, especially third class passengers, continues to receive the special attention of the Railway Board and Railway Administrations. It may interest the Council to detail a few of the measures which have been taken towards this end. The most important question is undoubtedly that of overcrowding in third class carriages. I think the improvement in this respect can best be expressed by a comparison between the number of third class passengers carried six years ago and to-day compared with the accommodation provided in these years. Six years ago the Railways of India transported 545 million third class passengers; during 1928-29 this number had increased to 592 millions, an increase of 8·6 per cent., whereas the seating capacity of third class carriages had increased from 957,000 to 1,088,000, an increase of 14 per cent. The passenger train miles have increased during the same period from 64½ million miles to 83½ million miles, or by about 29 per cent.

It may also be of interest to record that the practice of carrying third class passengers in goods wagons at the time of large melas has practically ceased, at least on all main lines, and even during the Kumbh Mela at Hardwar in 1927 and I believe I am correct in saying at the Kumbh Mela at Allahabad this year, it was found possible to provide passenger stock for all passengers. Since 1st April 1924, 68 additional Indian Refreshment Rooms have been opened, 158 tea and refreshment stalls and 112 vendor shops have been provided, 426 waiting halls have been added and water supply improved at 559 stations. Passenger platforms are being raised at busy passenger stations as far as funds permit and in accordance with a regular programme.

7. The various Standing Committees formed to advise the Railway Board on questions relating to standardization of equipment employed on Indian Railways have continued to meet regularly and do useful work throughout the year. The Locomotive Committee has completed detailed drawings for 13 standard types of broad, metre and 2′ 6″ gauge locomotives and the drawings for three further standard types are nearing completion. Approximately 745 locomotives, to be built to the drawings of the 18 standard types referred to, have already been ordered, of these approximately 340 engines are now in service. The performance of these locomotives is being carefully watched and reports received from all sources regarding their behaviour are considered by the Committee. Such modifications in design as the Committee recommends and which have the Railway Board's approval are embodied in the standard drawings and are thus automatically given effect to on all future locomotives ordered. Generally speaking the new standard types are giving excellent results. When compared with previous types, they show increased speed and hauling capacity, combined with a reduced fuel consumption. The introduction of standard locomotives for use on all State Railways and the inclusion of the locomotive requirements of all railways in one combined call for tenders has resulted in a very large reduction in the number of different types of locomotives ordered each year, with a corresponding increase in the number of engines of each standard type. This policy must ultimately result in a considerable reduction in the first cost of our locomotives. The Locomotive Committee has not confined its attention entirely to the design of new locomotives; it has devoted considerable time to the improvement of existing types, and as a result of its efforts it has been possible to modernise a large number of existing locomotives, by converting them from saturated to superheated steam, with a resultant increase in hauling capacity and reduction in fuel consumption. The Carriage and Wagon Standards Committee has also not been idle; detailed drawings of 39 standard types of broad, metre and 2′ 6″ gauge carriage underframes and

wagons have now been completed and the drawings for 14 further types are nearing completion. To the drawings of the 39 standard types referred to some 6,700 vehicles have been ordered to date, of which approximately 6,400 have either been or will be manufactured in this country. My remarks regarding the standardization of locomotives reducing their first cost apply equally to carriage underframes and wagons. The position is, however, different inasmuch as there are no locomotive builders established in this country, whereas there are several wagon building firms. If we consider the position of the Indian wagon building firms in relation to firms in other parts of the world, it will at once be seen that as a result of standardization the Indian firms will be called upon to build only a limited number of standard types, and should therefore be in a position to introduce mass production methods and so successfully meet foreign competition from firms that normally receive orders for vehicles of every conceivable type from all parts of the world.

The Standing Committee on Standards and Specifications has continued its work of framing specifications and standards for all class of stores in general use on Railways, but owing to shortage of staff, it has only recently been possible to commence the work of drafting and publishing specifications in accordance with the Committee's recommendations. As the purchase of stores in this country is extended the need for the issue of standard specifications for the guidance of local manufacturers and merchants grows more urgent and it is hoped that this work will be well advanced before the close of the next financial year when the New Stores Purchase Rules will be given effect to. Generally the effect of standardization must be to confine our business more and more to the Indian market.

8. The Council will remember that the approved programme for 1929-30 provided for a capital expenditure of 37 crores of rupees, of which 26½ crores was new capital and the balance of 10½ crores was to be drawn from the Depreciation Fund. We now anticipate that we shall spend a total of 35,65 lakhs of which 24,15 lakhs will be new capital. The main cause for the difference between our budget and anticipated expenditure is that we expect to spend 1,42 lakhs less than we anticipated under new construction. This to a great extent is due to the policy we announced last year of concentrating on completing the schemes already in hand before we undertook new schemes, so that we might obtain an early return on the money expended. The most important lines opened during the year were the Trichinopoly-Pudukkottai section of the Trichinopoly-Manamadura Chord, the Raipur-Jhonk section of the Raipur-Vizianagram Railway, the Guntur-Macherla Railway, Myingyan-Myotha section of the Myingyan-Paleik Railway, Natmauk Nyaungdo section of Taungdwingyi Kyaukpodaung Railway and Chandpur Bijnor Muzzampur Narain Railway. In all until the end of January, 21 new lines or sections of new lines had been opened to traffic, and it is anticipated that 5 more will be opened before the end of the present financial year.

As regards open line works, the most important were the opening of the new alignment on the Bhore Ghat on the Great Indian Peninsula Railway, which eliminates the reversing station and thereby increases the loads of goods trains, and the opening of the electric service to Poona on the same line. This when it comes into full operation will give a handsome return on the capital cost through reductions in working expenses.

In framing our capital programme for 1930-31 we have followed the same principles as we did last year, *viz.*, to press on with the completion of works already in hand and so reduce our future commitments. Our budget estimate for this year is a very modest one, and only allows for an expenditure of 25¼ crores, after allowing for a reduction in our stores balances of ¾ of a crore. Of this amount 16¾ crores will be new capital and the remainder will be found from

the Depreciation Fund. But although our programme is a modest one there is one direction in which we have decided not to call a halt. We are making a special provision of 25 lakhs during 1930-31 for expenditure on the construction of quarters, which will be required for the additional staff necessitated by the adoption of the Hours of Work and Rest Rules based on the Washington and Geneva Conventions. This is in addition to the provision made on all the railways, to the extent of 61 lakhs for additions to and improvements in staff quarters for our subordinate staff.

Five crores of rupees will be devoted to the construction of new lines, to be spent, with the exception of 2 lakhs for certain sidings on the East Indian Railway, on lines on which work is already proceeding. Though our programme of new construction has been very much curtailed I do not think there is any need for despondency in this respect. It must be remembered that during the past five years about 2,300 miles of new lines have been opened to traffic, and even if there had been no shortage of funds next year it might have been necessary to call a halt in the rate at which new lines could be constructed. The construction of lines in fresh country may be compared to an advancing army. Just as an army can only advance a certain distance before it becomes necessary to consolidate behind the line, so with railways the construction of branch lines must be limited to the carrying capacity of the main trunk lines, and I feel that the most urgent necessity at the present time is to increase the capacity of our main trunk lines, so that they may keep pace with the traffic offering from branch lines already constructed and which will be constructed as soon as the money market becomes easier. The capacity of a line may be increased in various ways—by electrification, by doubling, by increasing the strength of the track and bridges so that more powerful locomotives hauling heavier trains may run, by increasing the number of crossing stations, by the installation of up-to-date interlocking at wayside stations so that trains may pass through at speed, and in various other directions. Practically all these methods of increasing capacity are reflected in our works programme for next year; we have provided for the completion of the electrification of the Great Indian Peninsula Railway between Bombay and Poona and Bombay and Igatpuri; a start will be made on the doubling of the Cawnpore-Tundla section of the East Indian Railway—this section to a very large extent controls the traffic between Calcutta and the North, and in the view of the Railway Board is one of the most urgent works in the programme; extensive rail renewals are proposed on the main line of the North Western Railway between Delhi and Bhatinda, and on the Great Indian Peninsula Railway between Itarsi and Agra and between Poona and Sholapur, and on the East Coast Line of the Bengal Nagpur Railway. Heavy bridge renewals are programmed on the Bengal Nagpur Railway, the Great Indian Peninsula Railway and the Bombay, Baroda and Central India Railway. These works, though they may not be as spectacular as the construction of new lines, all tend to improve our property and will give an immediate return through savings in operating expenses.

9. I have done my best, Sir, to place before the Council the principal figures of our revised estimate for this year and those of our budget estimate for the year 1930-31. I have at the same time endeavoured to give brief account of our stewardship, and although I have necessarily had to leave out a great many matters which are of public interest and perhaps of particular interest to this Council, I hope I have said enough to show that our general financial position is sound and that there is no need for depression, even if in certain years our earnings fall below our expectations. In conclusion I would like to take the opportunity of bringing to the notice of the Council the valuable service which the Agents, officers and staff of the various Railway Administrations have rendered to the country, and the assistance they have been to the Railway Board in their endeavours to improve efficiency and introduce economies wherever possible.

Schedule of demands for grants for expenditure of the Central Government on Railways for the year 1930-31 submitted for the vote of the Legislative Assembly.

Number of Demand.	Service to which demand relates.	Amount.
		Rs.
	A.—EXPENDITURE FROM REVENUE.	
	Commercial Lines—	
1	Railway Board	12,90,000
2	Inspection	2,50,000
3	Audit	17,75,000
4	Working Expenses : Administration	13,88,50,000
5	Working Expenses : Repairs and maintenance and Operation	41,10,25,000
6	Companies' and Indian States' share of surplus profits and net earnings.	1,22,00,000
9	Appropriation to Depreciation Fund	13,25,00,000
10	Appropriation from Depreciation Fund	8,50,00,000
11	Miscellaneous	17,30,000
12	Appropriation to the Reserve Fund	33,95,000
13	Appropriation from the Reserve Fund	..
	Strategic Lines—	
14	Working Expenses and Miscellaneous	1,63,75,000
	B.—EXPENDITURE CHARGED TO CAPITAL.	
	Commercial Lines—	
7	New Construction	4,98,00,000
8	Open Line Works	11,49,00,000
	Strategic Lines—	
15	New construction and Open Line Works	25,00,000

Note.—These demands were voted by the Assembly in full.

BUDGET*

of the

Railway Revenue and Expenditure of the Governor-General in Council, March 1930.

RAILWAY DEPARTMENT;
New Delhi, the 1st March 1930.

A. A. L. PARSONS,
Financial Commissioner of Railways.

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* Published with Government of India, Finance Department, Resolution No. F. 1(1)-B.—30, dated the 3rd April 1930.

1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1928-29.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(*a*) Commercial lines—						
Gross receipts—						
Passenger traffic earnings :—						
Upper class . . .	4,35,61,638	...	...	4,35,61,638	4,21,00,000	...
Third class . . .	30,36,38,377	...	...	30,36,38,377	31,18,00,000	...
Other coaching traffic earnings.	6,03,19,275	...	...	6,03,19,275	5,57,00,000	...
Goods traffic earnings .	66,89,01,025	...	...	66,89,01,025	66,37,00,000	...
Hire charges and other payments from Railways.	61,05,986	...	...	61,05,986	...	...
Sundry earnings . .	2,02,46,493	6,43,140	10	2,08,89,643	1,98,53,000	6,43,000
Total earnings .	1,10,27,72,794	6,43,140	10	1,10,34,15,944	1,09,31,53,000	6,43,000
Deduct—Refunds of Revenue collected.	*15,33,254*	...	...	*15,33,254*	*17,50,000*	...
Deduct—Earnings of worked lines.	*7,26,71,239*	...	...	*7,26,71,239*	*6,34,50,000*	...
Earnings of State Railways.	1,02,85,68,301	6,43,140	10	1,02,92,11,451	1,02,79,53,000	6,43,000
Suspense	—25,02,387	...	...	—25,02,387	...	...
Gross receipts of State Railways.	1,02,60,65,914	6,43,140	10	1,02,67,09,064	1,02,79,53,000	6,43,000
Deduct—Working expenses of State Railways.*	*64,36,22,796*	*47,56,464*	*5,340*	*64,83,84,600*	*66,19,66,000*	*52,94,000*
Surplus profits paid to Indian States and railway companies.	*1,59,14,166*	...	...	*1,59,14,166*	*1,51,50,000*	...
Net receipts . . .	36,65,28,953	—41,13,324	—5,330	36,24,10,298	35,08,37,000	—46,51,000
(*b*) Strategic lines—						
Gross receipts . .	1,66,80,534	...	...	1,66,80,534	1,64,10,000	...
Deduct—Refunds of Revenue collected.	*15,288*	...	...	*15,288*	*10,000*	...
Working expenses . .	*1,98,60,798*	...	...	*1,98,60,798*	*2,09,73,000*	...
Net receipts . . .	—31,95,552	...	...	—31,95,552	—45,73,000	...
Total net receipts, Commercial and Strategic lines.	36,33,33,400	—41,13,324	—5,330	35,92,14,746	34,62,64,000	—46,51,000
XII.—Subsidized Companies : Government share of surplus profits, etc.	11,64,808	27,18,942	276	38,84,026	16,92,000	45,26,000
XII-A.—Miscellaneous Railway Receipts—						
(*a*) Commercial lines—						
Interest on Depreciation and Reserve Fund balances.	1,04,13,368	...	...	1,04,13,368	1,27,85,000	...
Dividend on investments in branch lines and other Miscellaneous Receipts.	11,57,252	...	...	11,57,252	11,25,000	...
(*b*) Strategic lines—						
Interest on Depreciation Fund balances.	2,06,558	...	...	2,06,558	3,10,000	...
Total receipts .	37,62,75,386	—13,94,382	—5,054	37,48,75,950	36,21,76,000	—1,25,000
Deficit in Railway Revenue transferred from Reserve to meet in full the contribution to General Revenues .	...	...	...	...	86,30,000	...
Total .	37,62,75,386	—13,94,382	—5,054	37,48,75,950	37,08,06,000	—1,25,000

*For details see statement 1 (*a*).

Government from Railways in India and England.

1929-30.		Increase (+) Decrease (−) as compared with Budget, 1929-30.	Budget Estimate, 1930-31.				Increase(+) Decrease(−) as compared with Revised, 1929-30.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	4,21,00,000	−41,00,000	4,31,00,000	...	...	4,31,00,000	+10,00,000
...	31,18,00,000	−26,75,000	31,76,00,000	...	...	31,76,00,000	+58,00,000
...	5,57,00,000	−36,00,000	5,73,00,000	...	...	5,73,00,000	+16,00,000
...	66,37,00,000	−1,25,50,000	67,87,00,000	...	...	67,87,00,000	+1,50,00,000
...	...	−68,00,000	...	...	...	...	...
4,000	2,05,00,000	+10,00,000	2,04,57,000	6,43,000	...	2,11,00,000	+6,00,000
4,000	1,09,38,00,000	−2,89,25,000	1,11,71,57,000	6,43,000	...	1,11,78,00,000	+2,40,00,000
...	*17,50,000*	*+2,50,000*	*17,50,000*	...	...	*17,50,000*	...
...	*6,34,50,000*	*−42,75,000*	*5,49,50,000*	...	...	*5,49,50,000*	*−85,00,000*
4,000	1,02,86,00,000	−2,49,00,000	1,06,04,57,000	6,43,000	...	1,06,11,00,000	+3,25,00,000
...	...	...	...	...	...	...	...
4,000	1,02,86,00,000	−2,49,00,000	1,06,04,57,000	6,43,000	...	1,06,11,00,000	+3,25,00,000
37,000	*66,72,97,000*	*+1,55,97,000*	*67,57,91,000*	*50,91,000*	...	*68,08,82,000*	*+1,35,85,000*
...	*1,51,50,000*	*+26,50,000*	*1,22,00,000*	...	...	*1,22,00,000*	*−29,50,000*
−33,000	34,61,53,000	−4,31,47,000	37,24,66,000	−44,48,000	...	36,80,18,000	+2,18,65,000
...	1,64,10,000	−90,000	1,64,10,000	...	...	1,64,10,000	...
...	*10,000*	*+10,000*	*10,000*	...	...	*10,000*	...
...	*2,09,73,000*	*+6,73,000*	*2,09,43,000*	...	...	*2,09,43,000*	*−30,000*
...	−45,73,000	−7,73,000	−45,43,000	...	...	−45,43,000	+30,000
−33,000	34,15,80,000	−4,39,20,000	36,79,23,000	−44,48,000	...	36,34,75,000	+2,18,95,000
32,000	62,50,000	+2,50,000	17,68,000	1,32,000	...	19,00,000	−43,50,000
...	1,27,85,000	+2,10,000	1,38,88,000	...	...	1,38,88,000	+11,03,000
...	11,25,000	...	13,30,000	...	...	13,30,000	+2,05,000
...	3,70,000	+10,000	4,07,000	...	...	4,07,000	+37,000
−1,000	36,20,50,000	−4,34,50,000	38,53,16,000	−43,16,000	...	38,10,00,000	+1,89,50,000
...	86,30,000	+86,30,000	...	...	...	..	−86,30,000
−1,000	37,06,80,000	−3,48,20,000	38,53,16,000	−43,16,000	...	38,10,00,000	+1,03,30,000

1(*a*).—Statement of Working Expenses of State

Heads of working expenses.	Accounts, 1928-29.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration . . .	13,41,81,675	43,56,464	5,340	13,85,43,479	13,42,69,000	48,94,000
Repairs and maintenance .	17,57,25,727	...	...	17,57,25,727	18,07,00,000	...
Operation	25,72,48,095	4,00,000	...	25,76,48,095	25,76,60,000	4,00,000
Depreciation	11,60,46,566	...	...	11,60,46,566	12,18,97,000	...
Suspense	—32,44,354	...	...	—32,44,354	...	...
Total .	67,99,57,709	47,56,464	5,340	68,47,19,513	69,45,26,000	52,94,000
Deduct—Share of Worked Lines.	3,63,34,913	...	...	3,63,34,913	3,25,60,000	...
Working Expenses .	64,36,22,796	47,56,464	5,340	64,83,84,600	66,19,66,000	52,94,000

Railways—Commercial Lines.

1929-30.		Increase (+) Decrease (—) as compared with Budget, 1929-30.	Budget Estimate, 1930-31.				Increase (+) Decrease (—) as compared with Revised, 1929-30.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
37,000	13,92,00,000	+17,00,000	13,85,09,000	46,91,000	...	14,32,00,000	+40,00,000
...	18,07,00,000	+97,00,000	17,30,75,000	...	...	17,30,75,000	—76,25,000
...	25,80,60,000	+17,60,000	26,38,60,000	4,00,000	...	26,42,60,000	+62,00,000
...	12,18,97,000	—3,000	12,82,57,000	...	...	12,82,57,000	+63,60,000
...	...	...	...	...	...	...	...
37,000	69,98,57,000	+1,31,57,000	70,37,01,000	50,91,000	...	70,87,92,000	+89,35,000
...	3,25,60,000	—24,40,000	2,79,10,000	...	...	2,79,10,000	—46,50,000
37,000	66,72,97,000	+1,55,97,000	67,57,91,000	50,91,000	...	68,08,82,000	+1,35,85,000

2.—Statement of the expenditure on Railways charged to

Heads of Expenditure.	Accounts, 1928-29.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
(a) Commercial lines—						
Interest—						
on Government capital at charge .	15,96,03,638	10,43,29,536	1,38,796	26,40,71,970	16,82,54,000	10,73,06,000
on capital contributed by Indian States and Companies.	4,03,451	1,46,11,593	27,282	1,50,42,326	4,15,000	1,31,72,000
Total interest, commercial lines . .	16,00,07,089	11,89,41,129	1,66,078	27,91,14,296	16,86,69,000	12,04,78,000
(b) Strategic lines— Interest on capital at charge . .	1,41,81,448	...	...	1,41,81,448	1,37,50,000	...
Total interest .	17,41,88,537	11,89,41,129	1,66,078	29,32,95,744	18,24,19,000	12,04,78,000
11. Subsidized Companies— Land and subsidy	2,91,370	...	...	2,91,370	7,20,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	23,37,566	8,26,872	1,064	31,65,502	34,82,000	14,63,000
Strategic lines . . .	29,707	...	...	29,707	80,000	...
Payments to general revenues—						
Contribution*	5,23,19,457	...	...	5,23,19,457	6,11,86,000	...
One-third of the excess of railway surplus over three crores.	...	...	...	...	...	...
Total payment to general revenues .	5,23,19,457	...	...	5,23,19,457	6,11,86,000	...
12A—Surplus Railway Revenue transferred to Railway Reserve Fund.	2,57,74,170	...	...	2,57,74,170	...	...
Total .	25,49,40,807	11,97,68,001	1,67,142	37,48,75,950	24,78,87,000	12,19,41,000

* For details see Statement 2 (a).

the revenue of the Central Government in India and in England.

1929-30.		Increase (+) Decrease (—) as compared with Budget, 1929-30.	Budget Estimate, 1930-31.				Increase (+) Decrease (—) as compared with Revised, 1929-30.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
7,50,000	27,63,10,000	—4,84,000	17,71,13,000	10,94,43,000	...	28,65,56,000	+1,02,46,000
92,000	1,36,79,000	+73,000	4,20,000	1,31,92,000	...	1,36,12,000	—67,000
8,42,000	28,99,89,000	—4,11,000	17,75,33,000	12,26,35,000	...	30,01,68,000	+1,01,79,000
...	1,37,50,000	—3,00,000	1,38,50,000	...	...	1,38,50,000	+1,00,000
8,42,000	30,37,39,000	—7,11,000	19,13,83,000	12,26,35,000	..	31,40,18,000	+1,02,79,000
...	7,20,000	—80,000	6,00,000	...	...	6,00,000	—1,20,000
10,000	49,55,000	—2,00,000	43,48,000	12,32,000	...	55,80,000	+6,25,000
...	80,000	+30,000	50,000	...	...	50,000	—30,000
...	6,11,86,000	...	5,73,57,000	...	...	5,73,57,000	—38,29,000
...	...	—12,86,000	...	...	...	...	...
...	6,11,86,000	—12,86,000	5,73,57,000	...	...	5,73,57,000	—38,29,000
...	...	—3,25,73,000	33,95,000	...	...	33,95,000	+33,95,000
8,52,000	37,06,80,000	—3,48,20,000	25,71,33,000	12,38,67,000	...	38,10,00,000	+1,03,20,000

2 (*a*).—Contribution from Railway to General Revenues, 1929-30.

(Based on actuals, 1927-28.)

	Rs.	Rs.
1. 1 per cent. on capital of 6,62,32,57,749 at charge, commercial lines	...	6,62,32,577
2. (i) Receipts—Commercial lines—		
Gross traffic receipts	1,02,63,32,568	
Subsidised Companies, share of surplus profits	35,60,366	
Interest on Depreciation and Reserve Fund balances	79,85,954	
Dividend on investments in branch lines and other miscellaneous receipts	8,16,714	
(ii) Charges—Commercial lines—		1,03,86,95,602
Working expenses	63,29,69,005	
Indian States and Railway Companies' share of surplus profits	1,57,13,502	
Interest—		
On capital at charge	24,41,19,106	
On capital contributed by Indian States and Companies	1,51,86,337	
Land and subsidy	5,32,515	
Miscellaneous railway expenditure	48,11,850	
Contribution at 1 per cent. on capital at charge	6,62,32,577	
		97,95,64,892
(iii) Surplus	...	5,91,30,710
(iv) Contribution of one-fifth of surplus	...	1,18,26,142
3. (i) Total contribution from railway revenues [1 *plus* 2 (iv)]	...	7,80,52,719
Deduct—Loss on strategic lines borne by railway revenues—		
(*i*) Interest on capital of 32,41,78,507	1,34,02,657	
(*ii*) Loss in working	34,70,099	
		1,68,72,756
(ii) Net payment due from railway to general revenues in 1929-30	...	6,11,85,96

2 (*a*).—Contribution from Railway to General Revenues, 1930-31.

(Based on actuals, 1928-29.)

	Rs.	Rs.
1. 1 per cent. on capital of 6,93,73,40,682 at charge, commercial lines	...	6,93,73,407
2. (i) Receipts—Commercial Lines—		
Gross traffic receipts	1,02,67,09,064	
Subsidised Companies' share of surplus profits	38,84,026	
Interest on Depreciation and Reserve Fund balances	1,04,13,368	
Dividend on investments in branch lines and other miscellaneous receipts	11,57,252	
(ii) Charges—Commercial Lines—		1,04,21,63,710
Working expenses	64,83,84,600	
Indian States and Railway Companies' share of surplus profits	1,59,14,166	
Interest—		
On capital at charge	26,40,71,970	
On capital contributed by Indian States and Companies	1,50,42,326	
Land and subsidy	2,91,370	
Miscellaneous railway expenditure	31,65,503	
Contribution at 1 per cent. on capital at charge	6,93,73,407	
		1,01,62,43,341
(iii) Surplus		2,59,20,369
(iv) Contribution of one-fifth of surplus		51,84,074
3. (i) Total contribution from railway revenues [1 *plus* 2 (iv)]		7,45,57,481
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital of 33,10,28,596	1,41,81,448	
(ii) Loss in working	30,18,701	
		1,72,00,149
(ii) Net payment due from railway to general revenues in 1930-31	...	5,73,57,332

3.—Statement of receipts of the Central Government in India and England for State

Heads of Account.	Accounts, 1928-29.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XLI.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways . . .	14,704	...	...	14,704	...	...

Capital contributed by Railway Companies and Indian States towards outlay on Railways.

1929-30.		Increase (+) Decrease (—) as compared with Budget, 1929-30.	Budget Estimate, 1930-31.				Increase (+) Decrease (—) as compared with Revised, 1929-30.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	...	—2,65,19,000	...	...	...	...	...

4.—Statement of the Capital Expenditure of the

Heads of Expenditure.	Accounts, 1928-29.				Revised Estimate.	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue :—						
53.—Construction of State Railways :—						
(a) Commercial Lines—						
Open Line Works—						
Rolling Stock . . .				3,06,01,000		
Other Works . . .				12,95,17,490		
New Construction . .				8,79,72,000		
Suspense				—44,81,507		
Purchase of Railways and branch line shares . .				31,17,000		
Deduct—Probable Throw forward				...		
Total .	14,97,41,629	9,68,48,339	1,36,015	24,67,25,983	13,74,99,000	16,93,73,000
(b) Strategic Lines—						
Open Line Works—						
Rolling Stock . . .				4,80,000		
Other Works . . .				15,41,089		
New Construction . .				48,29,000		
Total .	68,50,089	...	...	68,50,089	40,00,000	...
Total Commercial and Strategic Lines .	15,65,91,718	9,68,48,339	1,36,015	25,35,76,072	14,14,99,000	16,93,73,000
53-C.—Discharge of Debentures . .	...	4,00,00,000	—69,324	3,99,30,676	...	...

Central Government in India and England on Railways.

1929-30.			Budget Estimate, 1930-31.				
Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1929-30.	India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1929-30.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	6,01,40,000	+19,40,000				3,85,25,000	—2,16,15,000
...	11,58,35,000	—1,23,65,000				8,78,75,000	—2,79,60,000
...	6,75,00,000	—1,87,00,000				5,00,00,000	—1,75,00,000
...	—64,25,000	—5,25,000				—75,00,000	—10,75,000
...	7,10,07,000	+7,40,000				...	—7,10,07,000
...	...	—65,00,000		39,00,000	...	39,00,000	+39,00,000
11,85,000	30,80,57,000	—2,24,10,000	12,14,00,000	4,36,00,000	...	16,50,00,000	—14,30,57,000
...	10,60,000	—8,40,000				8,75,000	—1,85,000
...	13,40,000	+40,000				14,85,000	+1,45,000
...	16,00,000	...				1,40,000	—14,60,000
...	40,00,000	—8,00,000	25,00,000	...	...	25,00,000	—15,00,000
11,85,000	31,20,57,000	—2,32,10,000	12,39,00,000	4,36,00,000	...	16,75,00,000	—14,45,57,000
...	...	—2,65,19,000	...	...	...	...	

A.—Railway Depreciation Fund

	Accounts, 1928-29.	Budget Estimate, 1929-30.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.		Accounts, 1928-29.	Budget Estimate, 1929-30.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	9,00,82,911	11,50,82,911	11,40,96,631	12,50,96,631	Appropriation from Depreciation Fund.	9,59,84,100	10,50,00,000	11,50,00,000	8,50,00,000
Appropriation to Depreciation Fund.	11,99,97,820	12,60,00,000	12,60,00,000	13,25,00,000	Closing balance.	11,40,96,631	13,60,82,911	12,50,96,631	17,25,96,631
TOTAL	21,00,80,731	24,10,82,911	24,00,96,631	25,75,96,631	TOTAL	21,00,80,731	24,10,82,911	24,00,96,631	25,75,96,631

B.—Railway Reserve Fund.

	Accounts, 1928-29.	Budget Estimate, 1929-30.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.		Accounts, 1928-29.	Budget Estimate, 1929-30.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	15,84,69,810	19,29,83,810	18,42,43,980	17,56,13,980	Appropriation from Reserve Fund.	...	...	86,30,000	...
Appropriation to Reserve Fund.	2,57,74,170	3,25,73,000	...	33,95,000	Closing Balance.	18,42,43,980	22,55,56,810	17,56,13,980	17,90,08,980
TOTAL .	18,42,43,980	22,55,56,810	18,42,43,980	17,90,08,980	TOTAL .	18,42,43,980	22,55,56,810	18,42,43,980	17,90,08,980

Explanatory Memorandum of the Railway Budget for 1930-31.

1928-29.

Commercial and Strategic Lines together.

Our first duty is to place before the Legislature the final result of last year's working as compared with the forecast we made in February last. We then hoped to end the year with a gain from commercial lines of 10,71 lakhs, and expected, after meeting the loss of 1,80 lakhs on strategic lines and contributing 5,46 lakhs to general revenues, to increase our reserve by 3,45 lakhs. The actual results were unfortunately not so good. The last two months of the year brought us considerably less traffic than we had hoped for, and our receipts from all sources fell to 105,90 lakhs, a hundred and forty five lakhs less than our revised estimate. But, partly because the surplus profits on account of the Burma Railways which were taken over by the State on the 1st January 1929 were not paid till the beginning of the current year, and partly owing to a decrease in miscellaneous railway expenditure our total charges were also less than the revised estimates by 35 lakhs; and the final result was a net gain from commercial and strategic lines together of 7,81 lakhs. This enabled us to pay our fixed contribution of 5,23 lakhs to general revenues, and to increase our reserve by 2,58 lakhs to 18,42 lakhs at the beginning of the current year.

The expenditure incurred from the Depreciation Fund (9,60 lakhs) was 10 lakhs more than we had provided for, but was still 2,40 lakhs below the amount that was paid into the Fund during the year from revenue in accordance with the rules of the Fund. With this addition, the balance at the credit of the Fund at the end of the year stood at 11,41 lakhs.

1929-30.

A.—Commercial Lines.

2. We turn now to the current year. So far as we can see at present, our total gain from commercial lines will be nearly 2½ crores less than last year. We give below, as usual, a statement comparing the principal figures of the revised estimates for commercial lines with the figures of the budget estimate and of 1928-29, but we should first explain that we have decided in the course of the current year to make a slight change in our accounting for hire charges and payments from one railway to another, which alters the form of our estimates to some extent. Hitherto, a railway which, on the results of the year as a whole had a net credit, showed it as a receipt and conversely a railway which had a net debit took it as an item of operating expenses. The procedure we have now adopted, with the concurrence of the Auditor General, of taking all such items into our working expenses

account is simpler and more logical. If our budget estimate had been framed on these lines, 68 lakhs would have been dropped from both our receipts and our expenditure on this account; and, for purposes of comparison, we present the figures in the statement below after making the necessary corrections in the figures for 1928-29 and in the budget estimate for 1929-30.

(Figures in lakhs of rupees.)

	Actuals, 1928-29.	1929-30.	
		Budget.	Revised.
Gross traffic receipts	1,02,21	1,04,82	1,03,04
Deduct—Refunds of revenue	15	15	18
Total	1,02,06	1,04,67	1,02,86
Government share of profits, etc., from subsidised companies.	39	60	63
Interest on Depreciation and Reserve Fund balances	1,04	1,26	1,28
Dividends on investment in Branch lines and other miscellaneous receipts.	11	11	11
Total Receipts	1,03,60	1,06,64	1,04,88
Working expenses (including depreciation)	64,23	64,49	66,73
Surplus profits paid to Indian States and Railway Companies.	1,59	1,25	1,51
Interest charges	27,91	29,04	29,00
Miscellaneous charges	34	60	57
Total Charges	94,07	95,38	97,81
Gain from Commercial lines	9,53	11,26	7,07

3. In our budget estimates for 1929-30, we assumed that there would be a moderate increase of traffic which would bring us in 120 lakhs more than our revised estimate of receipts in 1928-29. But, as has been explained, the revised estimate itself proved to be optimistic, and in addition our expectations of a larger revenue in the current year than in 1928-29 are, so far as we can at present foresee, unlikely to be realised in full. The main factor which accounts for this is of course, the general trade depression in the country, which has resulted in the reduction in rates and fares introduced in the last two years not leading to the increased traffic which we had reason to expect. The prolonged labour unrest in Bombay and the extraordinarily heavy floods in various parts of the country this year have also adversely affected our total earnings. It is only owing to the increased receipts expected in the last quarter of the year from our purchase of the Southern Punjab Railway on the 1st January and to the pilgrim traffic to

the Kumbh Mela at Allahabad that we are able to place our estimate of traffic receipts as much as 80 lakhs above last year's figures. The details of our estimate are as follow :—

(Figures in lakhs of rupees.)

	Actuals, 1928-29.	1929-30.	
		Budget.	Revised.
Passenger earnings	34,72	36,09	35,39
Other coaching traffic earnings	6,03	5,93	5,57
Goods earnings	66,89	67,62	66,37
Other earnings	2,09	1,95	2,05
Total .	1,09,73	1,11,59	1,09,38
Deduct—			
Refunds of revenue	15	15	18
Worked lines	7,27	6,77	6,34
Suspense	—25	..	..
Net Total .	1,02,06	1,04,67	1,02,86

Passenger earnings.

4. During the last two years, with the intention of encouraging travelling and particularly long distance travelling, considerable reductions have been made in 3rd class passenger fares on most railways, but the result from the point of view of railway earnings has not been all that was expected. Passenger earnings are still below the high figure of 35,73 lakhs which we reached in 1927-28. They fell by over a crore in 1928-29, but it is satisfactory to note that we are now gaining ground and we expect that our earnings this year will be two-thirds of a crore higher than last year. The actual number of passengers carried in the first seven months of 1929-30 has been 11 million higher than in the corresponding period of the previous year—an increase of just over 3 per cent. The passenger-miles show, however, a larger increase of $5\frac{1}{2}$ per cent. from 12,076 million to 12,756 million, and the average lead per passenger has increased from 33·92 miles to 34·76 miles. The increased traffic which we could have normally hoped for from the stimulus of lower fares has materialised, though not to an extent sufficient to make up the loss on the reduced fares ; but we are confident that in the near future we shall see our expectations of an increase of net revenue realised. Our other coaching traffic receipts are down by 46 lakhs, or nearly 8 per cent. This is explained by the reductions in our rates for parcels and luggage introduced in January 1929.

Goods earnings.

5. It is in goods earnings that we have been most disappointed. Our present anticipations are that we shall get fifty-two lakhs less than last year, instead of the seventy-three lakhs more that we would obtain if our budget estimates were reached. Partly again, this is the result of our reduction in rates on certain commodities from which we have not derived an immediate benefit. Up to the end of October 1929, our receipts from goods traffic were

forty-seven lakhs lower than for the corresponding period last year. There was, however, no actual diminution of traffic, though no growth to speak of. The tonnage we carried was 600,000 tons higher, an increase of less than 1 per cent. If we turn to the ton-mile figure for the period, which is a more accurate measure of the traffic, we find that the difference dwindles to vanishing point. This year's figure is 27 million higher, an increase of less than one-quarter of one per cent.

With the exception of coal and coke, and, to a certain extent, cotton, the traffic in the principal commodities we carry has been less than last year. To take two examples, up to the 25th January, we loaded 66,500 fewer wagons with grains and pulses—a decrease of 9 per cent and 14,000 fewer with oil seeds—a decrease of 6 per cent. There have also been decreases in our loadings of miscellaneous wagons which are the best general indication of the condition of internal trade. Jute arrivals at Calcutta from 1st July to 25th January have also shown a decline—the tonnage has decreased from 742,000 tons to 715,000 tons.

There was an increase of 46,500 wagons loaded with coal and coke apart from wagons loaded by the Bengal Nagpur and the East Indian Railways for their own use; but it is difficult to ascribe this mainly to the reduction in rates which was made this year. For some railways began this year with severely depleted stocks, and the increased traffic is partly due to their replenishment. Under cotton, however, there has been a satisfactory increase of 11,500 in the wagons loaded.

6. The present estimates of working expenses are compared in the following table with the budget figures, and those of 1928-29 :—

(Figures in lakhs of rupees.)

	Actuals, 1928-29.	1929-30.	
		Budget.	Revised.
Administration	13,85	13,75	13,92
Repairs and Maintenance	17,57	17,10	18,07
Operation	25,15	24,95	25,81
Depreciation	11,61	12,19	12,19
Suspense	—32	..	..
Total	67,86	67,99	69,99
Deduct—			
Worked lines	3,63	3,50	3,26
Net working expenses	64,23	64,49	66,73

7. The expenditure which is brought to account under the head 'Administration' is likely to be only 7 lakhs higher than it was in 1928-29, although we now expect that our open line mileage will be increased by 600 miles. Last year however special gratuities to workmen on the South

Indian and the Bombay, Baroda and Central India Railways in connection with the transfer of their workshops cost us about 35 lakhs; and but for this the increase would have been more noticeable.

In the budget of the current year the Legislative Assembly agreed to give us sums of 28 lakhs under revenue and 30 lakhs under capital for schemes to ameliorate the service conditions of the lower paid employees on railways, and we feel it incumbent on us to explain the extent to which this money has been spent. The table below shows the probable expenditure by the various railways from these allotments in the current year.

(Figures in lakhs.)

Railway.	Revenue.	Capital.
Assam Bengal	1·18	..
Bengal Nagpur	2·76	..
Bengal and North Western	1·55	·63
Bombay, Baroda and Central India	2·70	..
Burma	1·03	..
Eastern Bengal	1·33	..
East Indian	·50	1·00
Great Indian Peninsula	2·44	..
Madras and Southern Mahratta	·78	..
North Western	2·25	5·81
South Indian	1·21	..
Minor railways	·39	·9
Total	18·12	7·53

Though the progress naturally varies from railway to railway, it will be seen that we have been able to make a fair start with the expenditure from revenue, and we should have been able to do a good deal more, if it had been possible to pass in the September session the Bill introduced in the Assembly for the purpose of giving effect to the Washington and Geneva Conventions on railways. We are sanguine enough to hope that the Bill will be passed into law in the current session, and all our arrangements are now complete for instructing railway administrations, as soon as this has been done, to proceed with the recruitment of the additional staff required. Apart from the steps which we have taken to give effect to the Washington and Geneva Conventions, schemes for revising the wages of lower paid employees of the railways, where they are shown to be inadequate, have been engaging our constant attention during the year. Much of the revenue expenditure incurred from the allotments aggregating 28 lakhs is on schemes of this kind, but we recognise that much still remains to be done; and in fact our investigations of many other proposals for improving the service conditions of lower paid staff are now so near to completion that we should be able to advance still more rapidly in this direction in 1930-31, if we are granted by the Assembly the further sums for this purpose for which we are asking in next year's budget.

Except on the North-Western Railway we have not been able so far to spend any large sum from capital on the provision of extra quarters. This is partly due to the fact that we must await the passing of the Bill now before the Assembly which will enable us to give effect to the Washington and Geneva Conventions. It is also partly due to the fact that the North-Western Railway had plans and estimates already prepared and were therefore in a better position than other railways to make rapid progress.

Repairs and Maintenance.

8. The cost of repairs and maintenance of our works and rolling-stock during 1929-30 is likely to be half a crore higher than in the previous year. Eighteen lakhs of this excess is under 'Way and Works', which is exactly the amount we have had to spend this year on repairs to damages caused by floods. Last year's figure was, however, inflated by a charge to revenue of nearly sixteen lakhs on the Great Indian Peninsula Railway owing to the abandonment of the old alignment at Bhore Ghat; on the other hand, during the current year, we have had, on the Bengal Nagpur Railway, to make payments of about six lakhs which were really due for payment last year. Taking everything into account, we can fairly claim to have maintained an additional 600 miles of line at very small additional cost.

On repairs to rolling-stock, we expect to spend twenty-six lakhs more than in 1928-29. Seven and a half lakhs of this excess is on the South Indian Railway, where repairs were in arrear owing to the strike last year. The Great Indian Peninsula Railway is responsible for fourteen lakhs, of which a large part is due to specially heavy repairs being required to light type engines retained in service owing to a delay in the receipt of heavier engines; there has also been an increase in the number of electric locomotives and rolling-stock in use. The Bengal Nagpur Railway also has been making special efforts to overtake its arrears of repairs. Its workshops have been reorganised and they are now in a position to increase their outturn. The East Indian Railway on the other hand expects to spend ten lakhs less, but will do a larger volume of work for a smaller figure of cost. The cost of repairs on this railway has fallen to a remarkable extent. Comparing the figures for November 1929 with those of the previous year, we find that the cost of a standard locomotive repair has fallen from Rs. 10,173 to Rs. 8,860, and of a passenger four-wheeler carriage repair from Rs. 702 to Rs. 593. Taking next a metre gauge railway, the Burma Railways, the cost of a standard locomotive repair has fallen in the same period from Rs. 17,186 to Rs. 13,360, of a carriage repair from Rs. 1,325 to Rs. 409, and of a wagon repair from Rs. 371 to Rs. 196. We have not indeed been able to achieve such striking results on every railway: to take a converse case, the cost of a carriage repair on the Great Indian Peninsula Railway has risen by Rs. 300, as a result of the fact that this is the third year after the general overhaul given to coaching stock on the introduction of the repair schedule in the workshops, and although steps have been taken to spread these general overhauls more evenly, a periodical increase in the cost of repairs is inevitable. On the whole, however, we can say that the cost of repairs per unit of rolling-stock going through the shops is still coming down. Taking all railways together, a broad gauge locomotive repair cost us Rs. 10,298 in November 1929 against Rs. 10,700 in the previous year and the average number of days an engine was in the shops decreased from 62 to 54. The cost of a broad gauge carriage repair increased slightly from Rs. 651 to Rs. 668, but that of a metre gauge carriage repair came down from Rs. 501 to Rs. 362. The time of detention was in both cases about a week less.

Under Miscellaneous charges again, there has been a change of accounting procedure which renders comparison with previous years difficult. In the past, the expenditure on account of renewals and replacements of non-wasting assets, and the credits for material released from renewals and replacements of all assets have in some Companies' railways been taken to the head 'Renewals and Replacements' in their accounts, the net figure at debit of which is transferred, in the Government accounts, to Depreciation Fund at the end of the year. This does not accord with the rules of the Depreciation Fund and is not in consonance with the principles on which it was started. Contributions to the Fund are made from revenue only for wasting assets, and expenditure on the renewal or replacement of non-wasting assets, ballast for example, is expected to be made from the ordinary revenue of the year. Again, the annual contribution from revenue to the Fund is designed to meet the full original cost of the asset and consequently the sale or scrap value of released materials has to be credited to revenue. It was consequently decided to adopt the correct procedure, which is already in force in State-managed railways, on all railways. The change affects only the Government accounts, and not the accounts, nor the surplus profits, of the companies. It has had the result, however, this year of reducing our expenditure on repairs and maintenance by eighteen lakhs, and increasing the expenditure from the Depreciation Fund to a corresponding extent. Against this saving should be set an extraordinary charge of ten lakhs due to our writing off to revenue the cost of the recently dismantled Aden Railway less the amount already contributed on this account from revenue to the Depreciation Fund since its inception.

Operation.

9. Our cost of operation is likely to be 66 lakhs higher than last year. The greater part of it is of course in connection with the engagement of additional station and running staff to man the new lines that have been opened, and for the additional staff that we have had to recruit in our endeavours to give effect to the Geneva and Washington Conventions. Fuel charges will probably increase by fifteen lakhs. The increase is entirely under electric power and is mainly due to the electrification of the Great Indian Peninsula Railway line from Bombay to Poona. Our expectations of a considerable reduction in our fuel bill have not been realised, mainly on account of increased freight and handling charges. Some railways have had to increase their depleted stocks, and our hopes of a large decrease in expenditure to follow reduced freights have not been realised. The increase in freight charges is, however, not a real increase in net expenditure, as it has its counterpart in increased receipts.

10. Finally, the amounts we recover from Companies and Indian States whose lines we work for them, are expected to be 37 lakhs lower than last year. This is a direct consequence of the lower share of our receipts attributable to these lines and is, in great measure, explained by our taking over the Southern Punjab Railway from the 1st January 1930.

11. We need not explain in great detail the remaining charges against our revenue. The surplus profits paid to Indian States and Railway Companies are lower by eight lakhs. Though the Burma Railways were taken over by the State from 1st January 1929, the surplus profits for the nine months of 1928-29 were paid only during the current year. We had not provided for this as we had expected that they would be paid in the previous year; hence the excess over the budget estimate of 1,25 lakhs. Interest and depreciation charges depend on our total capital at charge, and naturally increase from year to year. During the current year there has been a growth of 1,09 lakhs under interest and 58 lakhs in the amount annually set aside from revenue towards depreciation.

B.—Strategic Lines.

12. *Strategic Lines.*—The usual figures are given in the statement below :—

(Figures in lakhs of rupees.)

	Actuals, 1928-29.	1929-30. Budget.	1929-30. Revised.
Gross traffic receipts	1,67	1,65	1,64
Interest on balances of Depreciation Fund	2	3	3
Total Receipts	1,69	1,68	1,67
Working expenses (including depreciation)	1,98	2,03	2,10
Interest charges	1,42	1,40	1,37
Miscellaneous	1	1	1
Total Charges	3,41	3,44	3,48
Net loss in working	1,72	1,76	1,81

There is a slight increase under working expenses owing to flood damages and to expenditure incurred on giving effect to the Washington and Geneva Conventions, funds for which had been provided in lump under commercial lines.

C.—Summary of results.

13. Our total receipts from commercial lines seem thus likely to amount to 1,04,88 lakhs or 1,28 lakhs higher than last year's figure. Our charges are likely to amount to 97,81 lakhs or 3,74 lakhs higher than last year. If these estimates prove correct, we shall be left with a surplus, from commercial lines, of 7,07 lakhs—2,46 lakhs less than the surplus of last year and 4,19 lakhs less than what we expected when the budget estimate was drawn up. Of this surplus, 1,81 lakhs will be required to meet the loss on strategic lines. The balance of 5,26 lakhs is insufficient to meet the fixed contribution that we have to pay to general revenues which is based on the results of 1927-28—a particularly good year for railways—and amounts to 6,12 lakhs. In order to pay this we shall have to draw to the extent of 86 lakhs on our previously accumulated reserves.

On these estimates the balance in the reserve at the end of the current year will then be reduced to 17,56 lakhs. Withdrawals from the Depreciation Fund in the current year are expected to be 11,50 lakhs against the payment of 12,60 lakhs into the fund and the balance should therefore be increased by 1,10 lakhs to 12,51 lakhs.

1930-31.

A.—Commercial Lines.

14. The following statement compares the principal figures of the estimates for next year for commercial lines with the revised estimates of the current year :—

(Figures in lakhs of rupees.)

	Revised, 1929-30.	Budget, 1930-31.
Gross traffic receipts	1,03,04	1,06,29
Deduct—refunds of revenue	18	18
Total	1,02,86	1,06,11
Government share of profits, etc., from subsidised companies	63	19
Interest on balances of depreciation and reserve funds	1,28	1,39
Dividends on investment in branch lines and other miscellaneous receipts.	11	13
Total Receipts	1,04,88	1,07,82
Working expenses (including depreciation)	66,73	68,09
Surplus profits paid to Indian States and Railway companies	1,51	1,22
Interest charges	29,00	30,02
Miscellaneous charges	57	61
Total Charges	97,81	99,94
Gain from commercial lines	7,07	7,88

Gross traffic receipts.

15. The estimates for gross traffic receipts assume that 1930-31 will be a normal year, giving us a moderate increase in both passenger and goods traffic. The estimates of earnings are compared in more detail with the revised estimates of the current year in the following statement :—

(Figures in lakhs of rupees.)

	Revised, 1929-30.	Budget, 1930-31.
Passenger earnings	35,39	36,07
Other coaching traffic earnings	5,57	5,73
Total	40,96	41,80
Goods earnings	66,37	67,87
Other earnings	2,05	2,11
Total	1,09,38	1,11,78
Deduct—		
Refunds of revenue	18	18
Worked lines	6,34	5,49
Net total	1,02,86	1,06,11

In arriving at these figures, we assume an increase from 20,900 million to 21,300 million in passenger miles and from 20,900 million to 21,370 million in ton-miles of goods carried.

16. The only item that requires further explanation is the last one. The decrease in the share of gross receipts attributable to lines worked by us for Companies and Indian States is due to the fact that, by the purchase of the Southern Punjab Railway on the 1st January 1930, it has ceased to be a worked line. The receipts of the line for the whole year 1930-31 belong to us, whereas in 1929-30 they were ours for only three months.

Other receipts.

17. There is little to say about other receipts. The growth in our interest receipts is not as large as usual because even though we now expect to be able to add a small sum to our reserve fund at the end of 1930-31, the result of the two years 1929-30 and 1930-31 together is a reduction of over half a crore in our balances. The Depreciation Fund is growing steadily, however, and to a certain extent makes up for the fall in the balances of the reserve fund. In the second place, our budget estimate of the Government share of profits in subsidized companies is 44 lakhs lower than the current year. This is again due to our acquisition of the Southern Punjab Railway. The amount credited in the current year as our share of the profits was what was earned for the period of 21 months ending 31st December 1929. In the next year, of course, there will be no receipts on this account.

Working expenses.

18. The estimates of working expenses are compared with the figures of the revised estimates of this year in the following table :—

(Figures in lakhs of rupees.)

	Revised, 1929-30.	Budget. 1930-31.
Administration	13,92	14,32
Repairs and Maintenance	18,07	17,31
Operation	25,81	26,42
Depreciation	12,19	12,83
Total	69,99	70,88
Deduct—Worked lines	3,26	2,79
Net working expenses	66,73	68,09

Against additional traffic receipts amounting to 3,25 lakhs have to be set, if our estimates prove to be correct, an increase of only 1,36 lakhs in our total working expenses, nearly half of which (64 lakhs) is due to our appropriation from revenue to the Depreciation Fund being higher as a result of the increase in the capital value of the property.

Administration.

19. We shall require forty lakhs more next year under the head 'Administration'. Of this, ten lakhs represents the provision which we are making, together with fifteen lakhs under 'Operation' for improving the service conditions of lower paid railway employees. The balance is required for the working of 600 miles of new lines expected to be opened in the current year, and about 300 miles next year.

Repairs and Maintenance.

20. Repairs and maintenance, it is expected, will cost us 76 lakhs less than this year in spite of the increased mileage. We are expecting slight savings in the repairs and maintenance charges of rolling stock. The rest of the reduction can be ascribed to the fact that the current year's expenditure has been swollen by floods and other abnormal occurrences such as the dismantlement of the Aden Railway.

Operation.

21. We expect the cost of operation to exceed the present year's estimate by sixty-one lakhs. Of this fifteen lakhs are part of the total provision of twenty-five lakhs that we are making next year for improving the service conditions of lower paid employees. Owing partly to the necessity of recruiting additional men on account of the additional mileage which will be opened to traffic and partly to the extra staff that is likely to be required as a result of the Washington and Geneva Conventions, we expect we shall require about thirty-one lakhs more for staff. We have also provided for a slight increase of twelve lakhs under 'Fuel' mainly under electric power, the use of which is being extended further on the Great Indian Peninsula Railway, where the main line is being electrified to Igatpuri; and partly because we now anticipate that the price of coal will be rather higher. Finally, mainly owing to the purchase of the Southern Punjab Railway, forty-seven lakhs less are likely to be recovered on account of the lines worked by us for other parties.

Other Charges.

22. The capital expenditure incurred in the current year results in an increase of sixty-four lakhs in the estimated appropriation from revenue for depreciation in accordance with the rules of the Fund, and for the same reason, we expect an increase of 1,02 lakhs under 'Interest charges'. Surplus profits payable to companies and Indian States will be twenty-nine lakhs less mainly because no payment will be made on account of the Burma Railways. Miscellaneous charges differ only to a very small extent. Half of the additional four lakhs required is due to the proposed extension of audit on Company-managed railways.

B.—Strategic Lines.

23. The figures of the revised estimate and the budget estimate for next year are given in the following table. They are practically the same as the current year's figures :—

(Figures in lakhs of rupees.)

	Revised, 1929-30.	Budget, 1930-31.
Gross receipts	1,64	1,64
Interest on balances of depreciation fund	3	4
Total receipts	1,67	1,68
Working expenses (including depreciation)	2,10	2,09
Interest charges	1,37	1,38
Miscellaneous	1	1
Total charges	3,48	3,48
Net loss in working	1,81	1,80

C.—Summary.

24. The final result of the estimates which we have now explained in detail is as follows. We expect total receipts from commercial lines of 1,07,82 lakhs or 2,94 lakhs more than in the current year. Our total charges are put at 99,94 lakhs, 2,13 lakhs more than this year ; and on these estimates we hope to obtain a surplus from commercial lines of 7,88 lakhs or 81 lakhs more than we are expecting this year. This surplus is, except for this year, the lowest we have had since 1923-24, but, if our anticipations are realised, we shall be able to pay our contribution to general revenues without having again to draw on our reserves. The contribution for 1930-31 is, lower than that for the current year, being based on the results of 1928-29 which was not so good for railways as the previous year. Of the surplus of 7,88 lakhs, 1,80 lakhs are required to meet the prospective loss on strategic lines, and of the balance of 6,08 lakhs, 5,74 lakhs will be paid to general revenues under the convention, and a small balance will be left of 34 lakhs to be transferred to the railway reserve.

If our anticipations are realised, the balance in the reserve at the end of 1930-31 will be 17,90 lakhs or fifty-two lakhs less than the balance with which we started the current year. Owing to our restricted programme of works during 1930-31, withdrawals from the Depreciation Fund will be comparatively low, three crores less than in the current year. Against an appropriation of 13,25 lakhs from revenue, we shall require to spend only 8,50 lakhs, and the balance in the Fund will be increased by 4,75 lakhs to 17,26 lakhs.

Capital Expenditure.

25. We obtained last February a total grant from the Assembly of 37 crores (exclusive of 7·03 crores required for the purchase of the Southern Punjab Railway) for expenditure on our programme of works of which 26½ crores was capital expenditure and the balance of 10½ crores was to be drawn from the depreciation fund. We now expect to spend in 1929-30, 35,65 lakhs (of which 24,15 lakhs will be capital expenditure), or 1,35 lakhs less than we originally anticipated. Apart from book adjustments between capital and depreciation fund accounts the main difference is under new construction on which we now expect to spend 1,42 lakhs less than was originally provided ; and on this point we would wish to make our position perfectly clear. It has become apparent that owing to existing conditions, not only in India but outside India as well, we are unlikely to obtain funds for capital expenditure on railways in the near future except at rates of interest substantially higher than those at which they have been procurable in the last three or four years. A rise in the rate of interest not only makes some projects either for extensions to the railway system or for improvements to the existing system unremunerative ; it also makes it necessary to consider whether it is not wiser to postpone the inception of other projects which, even with a higher rate of borrowing, may still be remunerative, rather than to burden the railways of India with a large volume of indebtedness for money raised at a period of high interest rates. Consequently we have this year, and propose next year, to concentrate almost entirely on pushing schemes already in hand through to completion, so that we may obtain an early return on the money spent on them, and have avoided adding to our commitments at a time when the future is so uncertain by undertaking new schemes. It is chiefly due to the adoption of this policy that we

1929-30.

now expect to spend 1,42 lakhs less than was originally provided for new construction. Even so, 500 miles of line have already been opened to traffic in 1929-30 and we expect to open 100 miles more by the end of the year.

1930-31.

26. In framing our programme of work for next year, we have followed the same principle. The programme is therefore a very modest one, and the total amount that we propose to spend (after allowing for a reduction of three quarters of a crore in stores balances) is twenty-five and a quarter crores. Of this amount eight and a half crores will be found from the depreciation fund, and the balance of sixteen and three quarter crores will be capital expenditure. Five crores will be devoted to the construction of new lines, but except for two lakhs for collieries' sidings on the East Indian Railway, the amount will be entirely spent on lines on which work is already proceeding. Railway administrations hope to open only 300 miles of new line in 1930-31, but this is not an index of the work that will be done ; it only means that the work they are doing will mostly come to fruition in a later year. The expenditure we expect to incur on improvements of our railway system is similarly in the main for works in progress. Apart from the heavy programme of relaying and re-sleepering that has to be carried on if we are to carry our traffic safely, efficiently and economically, the only new work of any magnitude on which we are embarking is the doubling of the line between Cawnpore and Tundla. Steps to increase the capacity of this section are now a matter of urgency, and we have provided twenty lakhs for doubling the most congested section between Shikohabad and Tundla. Of the more important works in progress which receive a large share of the money we are able to provide next year the principal is the new Perambur Workshops of the Madras and Southern Mahratta Railway for which fifty-four lakhs are needed. There is also a considerable amount of expenditure on electrification—over half a crore on the Great Indian Peninsula Railway where the present electrification will then be practically completed, and fifteen lakhs on the South Indian Railway which will take us half way through what we contemplate doing at present.

We desire also to call attention to a provision of 25 lakhs we are making in 1930-31 for expenditure on the construction of quarters necessitated by the adoption of the Hours of Work and Rest Rules based on the Washington and Geneva Conventions. This is in addition to the provision made on all railways to the extent of sixty-one lakhs for additions to and improvements in staff quarters for our subordinate staff.

The comparatively heavy relaying and re-sleepering programme that we are contemplating next year combined with the reduction in the new lines we are taking up for construction will inevitably result in the return of large quantities of old rails and sleepers to stock, thus inflating our stores balances temporarily. Notwithstanding this, we expect to reduce our balances by 75 lakhs. We have recently had an investigation carried out by two experienced officers with the object of reducing our purchases of stores during the year. Chiefly by the substitution of stores obtained locally for stores imported from abroad, with the natural consequence of reducing the normal balances which they have to hold of these stores, railways have undertaken to reduce their expenditure on the purchase of stores to a very large extent ; and we hope that our stores balances at the end of 1930-31 will be down to fifteen and three-quarter crores.

Last year we reduced considerably the over allotments for capital expenditure that we had been in the habit of making for some years past, as we found that, in view of the growth in the capacity of railways to carry on the work

in their programmes, such a system was not conducive to an efficient control of expenditure. For next year we have made no over-allotments at all. But our past experience has been that rolling-stock and more particularly locomotives and boilers included in the programme of one year are not all delivered and paid for in that year, and on as accurate a calculation as we are in a position to make so long beforehand, we have assumed that sixty-seven lakhs of the expenditure on rolling-stock in the 1930-31 programme will be thrown forward to 1931-32, and have deducted this amount from the sums for capital expenditure and expenditure from the depreciation fund in 1930-31 which we are asking the Assembly to authorise.

Conclusion.

27. Finally we wish to acknowledge our indebtedness to the members of the Standing Finance Committee for Railways for the assistance which they have given us throughout the year.

T. G. RUSSELL,
Chief Commissioner of Railways.

A. A. L. PARSONS,
Financial Commissioner of Railways.

NEW DELHI;
The 1st March 1930.

APPENDIX I.

CAPITAL EXPENDITURE.

The total capital expenditure and expenditure from the Depreciation Fund on State-owned railways in the three years 1928-29 to 1930-31 is set out in the table below :—

	Actuals, 1928-29.	1929-30. Budget.	1929-30. Revised.	Budget, 1930-31.
England—				
Sterling payments. £	10,263,625	12,920,025	12,702,975	3,772,500
Converted into rupees at 1s. 6d. to the rupee. Rs.	13,68,48,339	17,22,67,000	16,93,73,000	5,03,00,000
Exchange . . Rs.	66,691	..	11,85,000	..
Total England . Rs.	13,69,15,030	17,22,67,000	17,05,58,000	5,03,00,000
Probable throw forward Rs.	..	20,00,000	..	67,00,000
Net England . Rs.	13,69,15,030	17,02,67,000	17,05,58,000	4,36,00,000
India—				
Payments in India Rs.	25,25,76,718	27,95,00,000	25,64,99,000	20,89,00,000
Probable savings Rs.	..	95,00,000	..	..
Net India . Rs.	25,25,76,718	27,00,00,000	25,64,99,000	20,89,00,000
Total England and India Rs.	38,94,91,748	44,02,67,000	42,70,57,000	25,25,00,000

The distribution of the above between Capital and Depreciation Fund is as follows :—

Capital . . .	29,35,07,748	34,17,67,000	31,20,57,000	17,14,00,000
Probable throw forward . .	..	65,00,000	..	39,00,000
Net Capital .	29,35,07,748	33,52,67,000	31,20,57,000	16,75,00,000
Depreciation Fund .	9,59,84,000	11,00,00,000	11,50,00,000	8,78,00,000
Probable throw forward . . .	..	50,00,000	..	28,00,000
Net Depreciation Fund	9,59,84,000	10,50,00,000	11,50,00,000	8,50,00,000

2. The statement below gives a comparison of the allotments made for open lines and lines under construction during the same period (*viz*, 1928-29 to 1930-31) under commercial and strategic lines separately :—

(Figures in thousands of rupees.)

	Actuals, 1928-29.	Revised Estimates, 1929-30.	Budget Estimates, 1930-31.
Commercial.			
Purchase price of :—			
Burma Railways	3,99,31		
Mirpur Khas Jhudo Railway	11,48		
Southern Punjab Railway	..	7,05,57	
Purchase of branch line shares	19,69	4,50	..
Open lines (including rolling stock) — Capital	15,56,38	16,95,50	11,89,00
Open lines (including rolling stock) — Dep. Fund	*9,30,37*	*11,34,00*	*8,53,25*
Total — Capital	19,86,86	24,05,57	11,89,00
Total — Dep. Fund	*9,30,37*	*11,34,00*	*8,53,25*
Deduct—Probable throw forward — Capital	..	..	39,00
Deduct—Probable throw forward — Dep. Fund	..	..	*28,00*
Net open lines (Commercial) — Capital	19,86,86	24,05,57	11,50,00
Net open lines (Commercial) — Dep. Fund	*9,30,37*	*11,34,00*	*8,25,25*
Lines under construction :—			
(*a*) started in previous years	8,79,72	6,75,00	4,97,87
(*b*) started in current year			2,13
Total—Capital	8,79,72	6,75,00	5,00,00
Total Commercial — Capital	28,66,58	30,80,57	16,50,00
Total Commercial — Dep. Fund	*9,30,37*	*11,34,00*	*8,25,25*
Total	37,96,95	42,14,57	24,75,25
Strategic.			
Open lines (including rolling stock) — Capital	20,21	24,00	23,60
Open lines (including rolling stock) — Dep. Fund	*29,47*	*16,00*	*24,75*
Lines under construction :—			
(*a*) started in previous years	48,29	16,00	1,40
(*b*) started in current year			
Total Strategic — Capital	68,50	40,00	25,00
Total Strategic — Dep. Fund	*29,47*	*16,00*	*24,75*
Total Commercial and Strategic Lines — Capital	29,35,08	31,20,57	16,75,00
Total Commercial and Strategic Lines — Dep. Fund	*9,59,84*	*11,50,00*	*8,50,00*
Total	38,94,92	42,70,57	25,25,00

3. The distribution of the total budget grant of 25½ crores for 1930-31 is as follows :—

(Figures in thousands of rupees.)

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
State Railways managed by the State.						
Burma Railways—						
New Construction—						
Kayan Thongwa	..	..	..	10	..	10
Taungdwingyi Kyaukpadaung.	..	..	..	3,13	..	3,13
Myingyan Natogyi Paleik	..	..	..	4,47	..	4,47
Nyaunglebin Madauk	..	..	..	80	..	80
Sagaing Bridge	..	..	..	50,00	..	50,00
Open Line Capital	10,20	41,55	51,75	..	..	..
Open Line Dep. Fund	*1,89*	*32,11*	*34,00*	..	..	..
Total Capital	**10,20**	**41,55**	**51,75**	**58,50**	..	**58,50**
Total Dep. Fund	*1,89*	*32,11*	*34,00*	..	..	..
Eastern Bengal Railway—						
New Construction—						
Baruipur Lakshmikantapur.	..	..	..	25	..	25
Abdulpur Nawabganj	..	..	..	2,00	..	2,00
Kalukhali Kamarkhali Bhateapara.	..	..	..	19,25	..	19,25
Dacca Aricha	..	..	..	2,00	..	2,00
Tangla Belsiri	..	..	..	15,00	..	15,00
Open Line Capital	49,00	60,75	1,09,75	..	..	..
Open Line Dep. Fund	*21,82*	*62,93*	*84,75*	..	..	..
Total Capital	**49,00**	**60,75**	**1,09,75**	**38,50**	..	**38,50**
Total Dep. Fund	*21,82*	*62,93*	*84,75*	..	..	..
East Indian Railway—						
New Construction—						
Central Indian Coalfields	..	..	..	13,75	..	13,75
Calcutta chord	..	..	..	45,57	..	45,57
Lucknow Sultanpur Zafarabad.	..	..	..	50,00	..	50,00
Unao Madhoganj	..	..	..	9,09	..	9,09
Chandpur Bijnor Muazzampur Narain.	..	..	..	96	..	96
South Karanpura Colliery sidings in Sounda Sayal	..	..	..	..	2,13	2,13
Open Line Capital	81,05	1,25,95	2,07,00	..	..	..
Open Line Dep. Fund	*95,47*	*87,03*	*1,82,50*	..	..	..
Total Capital	**81,05**	**1,25,95**	**2,07,00**	**1,19,37**	**2,13**	**1,21,50**
Total Dep. Fund	*95,47*	*87,03*	*1,82,50*	..	..	

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
Great Indian Peninsula Railway—						
New construction—						
Darwha Pusad . .	..	..	..	14,50	..	14,50
Open Line . Capital .	55,20	1,62,80	2,18,00	..	..	..
Open Line . Dep. Fund .	*22,99*	*56,01*	*79,00*			
Total . Capital .	**55,20**	**1,62,80**	**2,18,00**	**14,50**	..	**14,50**
Total . Dep. Fund .	*22,99*	*56,01*	*79,00*			
North-Western Railway—Commercial lines—						
New construction—						
Chiniot Kushab . .	..	..	..	25,00	..	25,00
Kalabagh Bridge . .	..	..	..	5,40	..	5,40
Chak Jhumra Chiniot .	..	..	..	1,60	..	1,60
Sind Left Bank Feeders .	..	..	..	36,00	..	36,00
Open Line . Capital .	31,45	86,30	1,17,75	..	..	..
Open Line . Dep. Fund .	*46,30*	*84,70*	*1,31,00*			
Total . Capital .	**31,45**	**86,30**	**1,17,75**	**68,00**	..	**68,00**
Total . Dep. Fund .	*46,30*	*84,70*	*1,31,00*			
North Western Railway (Strategic Lines)—						
New construction—						
Zhob Valley Railway Extension	..	..	..	1,40	..	1,40
Open Line . Capital .	8,75	14,85	23,60	..	..	..
Open Line . Dep. Fund .	*11,43*	*13,32*	*24,75*			
Total . Capital .	**8,75**	**14,85**	**23,60**	**1,40**	..	**1,40**
Total . Dep. Fund .	*11,43*	*13,32*	*24,75*			
State Railway Collieries .	..	2,30	2,30	..	..	..
Total State Lines managed by the State. Capital .	**2,35,65**	**4,94,50**	**7,30,15**	**3,00,27**	**2,13**	**3,02,40**
Total State Lines managed by the State. Dep. Fund .	*1,99,90*	*3,36,10*	*5,36,00*			
TOTAL .	**4,35,55**	**8,30,60**	**12,66,15**	**3,00,27**	**2,13**	**3,02,40**

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
State Railways managed by Companies or Indian States—						
Assam Bengal Railway—						
New construction—						
Sibsagar Road Khowang	..	..	..	23	..	23
Furkating Badulipara Jorhat	..	..	..	37	..	37
Karimgunj Longai Valley	..	..	..	10	..	10
Netrokona Mohangunj	..	..	..	77	..	77
Feni Belonia	..	..	..	58	..	58
Shaistagunj Balla	..	..	..	1,05	..	1,05
Senchoa Mairabari	..	..	..	1,79	..	1,79
Chittagong Fatikchari (Nazirhat)	..	..	..	1,50	..	1,50
Chittagong Duhazari	..	..	..	15,36	..	15,36
Open Line — Capital	30,25	12,75	43,00	..	..	..
Open Line — Dep. Fund.	*3,36*	*9,89*	*13,25*	..	..	..
Total — Capital	**30,25**	**12,75**	**43,00**	**21,75**	..	**21,75**
Total — Dep. Fund.	*3,36*	*9,89*	*13,25*	..	..	..
Bengal Nagpur Railway—						
New construction—						
Tumsar Tirodi Conversion	..	..	..	5,50	..	5,50
Raipur Vizianagram	..	..	..	1,00,00	..	1,00,00
Open Line — Capital	18,40	72,60	91,00	..	..	..
Open Line — Dep. Fund.	*30,59*	*62,91*	*93,50*	..	..	..
Total — Capital	**18,40**	**72,60**	**91,00**	**1,05,50**	..	**1,05,50**
Total — Dep. Fund.	*30,59*	*62,91*	*93,50*	..	..	..
Bezwada Railway — Capital	..	20	20	..	..	..
Bezwada Railway — Dep. Fund.	..	..	..	..	..	..
Bengal and North-Western Railway (Tirhut Section)—						
New construction—						
Mashrak Thawe	..	..	..	7,50	..	7,50
Open Line. — Capital	12,75	5,00	17,75	..	..	..
Open Line. — Dep. Fund.	*10,50*	*12,00*	*22,50*	..	..	..
Total — Capital	**12,75**	**5,00**	**17,75**	**7,50**	..	**7,50**
Total — Dep. Fund	*10,50*	*12,00*	*22,50*	..	..	..

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
Bombay, Baroda and Central India Railway—						
Open Line . Capital .	27,85	86,15	1,14,00	..	..	..
Open Line . Dep. Fund .	*20,81*	*61,19*	*82,00*	..	..	..
Total . Capital .	**27,85**	**86,15**	**1,14,00**	..	..	..
Total . Dep. Fund .	*20,81*	*61,19*	*82,00*	..	..	..
Dronachellam Kurnool Railway—						
Open Line . Capital .	..	9,00	9,00	..	..	..
Open Line . Dep. Fund .	..	..	..	..	..	..
Jodhpur Railway Capital .	..	**50**	**50**	..	..	..
Open Line Dep. Fund.	*15*	*60*	*75*	..	..	..
Madras and Southern Mahratta Railway—						
New construction—						
Coconada Kotipalli .	..	..	..	2,05	..	2,05
Guntur Macherla . .	..	..	..	3,20	..	3,20
Open Line . Capital .	20,00	75,00	95,00	..	..	..
Open Line . Dep. Fund .	*31,95*	*38,30*	*70,25*	..	..	..
Total . Capital .	**20,00**	**75,00**	**95,00**	**5,25**	..	**5,25**
Total . Dep. Fund .	*31,95*	*38,30*	*70,25*	..	..	..
Rohilkund and Kumaon Railway—						
Open Line . Capital .	..	..	..	..	..	..
Open Line . Dep. Fund .	*1,86*	*2,39*	*4,25*	..	..	..
South Indian Railway—						
New construction—						
Shoranur Nilambur .	..	..	..	—21	..	—21
Virudhunagar Tenkasi .	..	..	..	51	..	51
Madura Bodinayakanur .	..	..	..	1,68	..	1,68
Villupuram Trichinopoly .	..	..	..	4,06	..	4,06
Dindigul-Pollachi . .	..	..		3,32	..	3,32
Cuddalore Vriddhachalam	..	..	..	1,00	..	1,00
Mayavaram Tranquebar .	..	..	..	96	..	96

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
South Indian Railway—*concld.*						
New construction—concld.						
Trichinopoly Manamadura	..	..	..	20,00	..	20,00
Polachi Palghat . .	..	..	..	12,68	..	12,68
Salem Attur Vriddhachalam	..	..	..	15,00	..	15,00
Open Lines { Capita	49,10	62,90	1,12,00	..	..	..
{ Dep. Fund	*18,56*	*36,94*	*55,50*	..	..	..
Total . { Capital .	**49,10**	**62,90**	**1,12,00**	**59,**	..	**59,00**
{ Dep. Fund	*18,56*	*36,94*	*55,50*	..	..	..
Total State Railways managed by Companies or Indian States . { Capital .	**1,58,35**	**3,24,10**	**4,82,45**	**1,99,00**	..	**1,99,00**
{ Dep. Fund	*1,17,78*	*2,24,22*	*3,42,00*	..	..	..
Total .	**2,76,13**	**5,48,32**	**8,24,45**	**1,99,00**	..	**1,99,00**
Total all State { Capital .	**3,94,00**	**8,18,60**	**12,12,60**	**4,99,27**	**,13**	**5,01,40**
Railways. { Dep. Fund	*3,17,68*	*5,60,32*	*8,78,00*	..	..	..
Deduct—Probable { Capital .	39,00	..	39,00	..	..	..
throw forwards. { Dep. Fund	*28,00*	..	*28,00*	..	..	..
Total . { Capital .	..	..	**11,73,60**	**4,99,27**	**2,13**	**5,01,40**
{ Dep. Fund	..	..	*8,50,00*	..	..	..
Grand Total .				**25,25,00**		

NOTE.—Figures in italics represent expenditure from the depreciation fund.

Open Line Works.

4. *Engineering, structural and other works.*—The following is the distribution of the expenditure proposed, among the various classes of works comprised in this group :—

	Capital.	Depreciation Fund.	Crores. Total.
(1) Track	2·31	3·96	6·27
(2) Bridges	·83	·71	1 54
(3) Traffic facilities	1·62	·27	1·89
(4) Workshops and Loco sheds . . .	1·33	·35	1 68
(5) Staff quarters	·86	·05	·91
(6) Welfare Works	·27	·03	·30
(7) Electric installations	·16	·01	·17
(8) Signalling and interlocking . . .	·27	·03	·30
(9) Electrification of track . . .	·70	·01	·71
(10) Removal of infringements . . .	·07	·02	·09
(11) Other Works	·35	·14	·49
(12) Ferries.	03	·02	·05
(13) Collieries	·14	...	·14
(14) Suspense	—·75	..	—·75
Total .	8·19	5·60	13·79

(1) and (2). *Tracks and Bridges.*—The general policy mentioned in the memorandum of last year of strengthening and improving the tracks and bridges is still being pursued and all the principal railways have provided for considerable expenditure on the renewals of rails, sleepers and girders.

Among the more important of the bridges that it is proposed to strengthen or rebuild are included the Roopnarayan bridge on the Bengal Nagpur Railway, the Nerbudda bridge on the Great Indian Peninsula Railway and the Adamwahan and Kotri bridges on the North Western Railway main line to Karachi.

Among the important relaying programmes is that in the Coalfields area on the East Indian Railway where it is proposed to start with relaying the track with 115 lb. rails for which a provision of 38½ lakhs (17½ lakhs capital and 21 lakhs depreciation fund) has been made in 1930-31. On the same railway 15½ lakhs (6½ lakhs capital and 9 lakhs depreciation fund) has been provided for 90 lb. relaying between Jhajha and Moghal Sarai. On the North Western Railway it is proposed to spend 21 lakhs (9¾ lakhs capital and 11¼ lakhs depreciation fund) on relaying with 90 lb. rails the greater portion of which will be on the Southern Punjab line, between Delhi and Bhatinda, recently taken over from the Company. On the Great Indian Peninsula Railway, the work of relaying between Itarsi and Agra will be continued and a provision of 35 lakhs (20 lakhs capital and 15 lakhs depreciation fund) has been made in 1930-31.

There are two important schemes of doubling and quadrupling included in the budget for increasing capacity by doubling :—

(1) Doubling of the line between Ishurdi and Abdulpur on the Eastern Bengal Railway main line which is required in connection with the opening of the Abdulpur-Nawabganj branch. For this a provision of 6 lakhs has been made in 1930-31 and it is proposed to complete the work in 1931-32 ; and

(2) Doubling of the line between Cawnpur and Tundla on the East Indian Railway main line—a work of considerable magnitude which will take 3 years to complete. It is proposed to make a start in 1930-31 and a provision of 20 lakhs (17·41 lakhs capital and 2·40 lakhs depreciation fund) has been made.

(3) *Traffic facilities.*—The remodelling of station yards in order to provide increased capacity and facilities is of as important a nature as the strengthening of track and bridges and doubling and considerable sums of money are being devoted for this purpose. Amongst the important schemes in this connection which will be current in 1930-31 are :—

(Figures in lakhs.)

Name of schemes.	Capital.	Depreciation Fund.	Total.
Cawnpore remodelling (East Indian Railway) .	7·97	4·72	12·69
Dum Dum (Eastern Bengal Railway) in connection with the junction of the Calcutta Chord Railway	5·96	..	5·96
Trichinopoly Junction and Fort Station (South Indian Railway)	7·30	1·00	8·30
Erode (South Indian Railway)	9·00	1·10	10·10
Tondiarpet marshalling yard and connected facilities (Madras and Southern Mahratta Railway) .	6·78	·42	7·20

(4) *Workshops, Station and other buildings.*—The more important of the works included in the programme are shown below :—

(Figures in lakhs.)

	Estimate.	Approximate outlay to end of 31st March 1930.	Provision for 1930-31.
Jamalpur shops foundry (East Indian Railway)	5·05 *1·00*	*Nil.*	5·05 *1·00*
Dohad shops (Bombay, Baroda and Central India Railway)	75·23 *5·04*	19·41 *·02*	27·99 *·42*
Trichinopoly shops (South Indian Railway)	336·85 *10·86*	315·57 *11·05*	5·70 *—·10*
Perambur shops (Madras and Southern Mahratta Railway)	203·63 *31·43*	135·57 *9·91*	44·18 *19·02*
Bombay Central Station (Bombay, Baroda and Central India Railway).	140·28 ..	135·01 *·11*	5·26 ..

NOTE.—Figures in italics show expenditure from the Depreciation Fund.

No important new work is to be taken in hand in the current year. The Golden Rock workshops at Trichinopoly on the South Indian Railway will be completed in all respects in 1931-32. The Bombay, Baroda and Central India Railway workshops at Dohad continue to make good progress. A large allotment is proposed for the Madras and Southern Mahratta Railway workshops at Perambur which it is hoped to complete in 1931-32.

Bombay Central Station is well on its way to completion and it is hoped to open it shortly.

(5) *Staff quarters.*—Below is given a table showing distribution of the proposed expenditure for carrying on the policy of providing, as far as possible good dwellings in healthy surroundings for a large proportion of the staff.

(Figures in lakhs.)

Railways.	Officers' Quarters.		Other Quarters.		Total.
	Provision to complete bungalows under construction.	Provision for new bungalows.	Provision to complete bungalows under construction.	Provision for new quarters.	
Assam Bengal .	..	..	1·00	2·20	3·20
	..	..	..	*·02*	*·02*
Bengal Nagpur.	·10	..	·84	3·56	4·50
	..	..	*·32*	*·68*	*1·0*
Bengal and North Western	..	..	·50	1·92	2·42
	..	..	..	..	..

Railways.	Officers' Quarters.		Other Quarters.		Total.
	Provision to complete bungalows under construction.	Provision for new bungalows.	Provision to complete bungalows under construction.	Provision for new quarters.	
Dhone Kurnool.	..	..	..	·50	·50
	..	..	..	..	..
Bombay, Baroda and Central India.	..	..	6·35	10·20	16·55
	..	..	*·45*	*·55*	*1·00*
Burma . .	..	..	2·80	5·00	7·80
	..	..	*·06*	*·24*	*·30*
Eastern Bengal.	..	..	..	6·00	6·00
	..	..	..	..	..
East Indian .	..	..	7·01	12·24	19·25
	..	..	..	*1·12*	*1·12*
Great Indian Peninsula.	..	..	3·35	4·28	7·63
	..	..	..	*·20*	*·20*
Madras and Southern Mahratta.	..	..	1·92	1·20	3·12
	..	..	..	..	..
North Western.	..	..	..	12·79	12·79
	..	..	..	*1·20*	*1·20*
South Indian .	..	..	..	2·20	2·20
	..	..	..	..	..
Jodhpur . .	..	..	..	·08	·08
	..	..	..	..	..
Total .	·10	..	23·77	62·17	86·04
	..	..	*·83*	*4·01*	*4·84*

NOTE.—Figures in italics represent expenditure from the depreciation fund.

The total amount includes provision of Rs. 25 lakhs for additional quarters required in order that the Washington and Geneva Conventions may be given effect to.

(7) *Electrification of lines and stations.*—The suburban lines electrification in the Bombay area both on the Bombay, Baroda and Central India and the Great Indian Peninsula Railways have been completed. As regards the main line electrification of the Great Indian Peninsula Railway the Kalyan Power House has been practically completed and opened and the first instalment of electric working on the main line between Kalyan and Poona was brought into use on 5th November 1929. The remaining portion between Kalyan and Igatpuri is expected to be ready for opening at the end of March 1930. The provision made of Rs. 55 lakhs for this latter work is for completion of the power house and track equipment and includes additional electric locomotives required. The whole scheme is expected to be finally completed in 1931-32. A provision of nearly 15 lakhs has been made for the electrification of the Madras suburban lines of the South Indian Railway and it is

anticipated that this work will be completed in 1931-32. The project for the electrification of the Calcutta suburban railways is still under consideration. The most difficult problem in this connection is the means by which it will be possible to connect the East Indian Railway at Howrah with the Eastern Bengal Railway at Sealdah.

5. *Amenities for passengers.*—The statement below shows the expenditure proposed in 1930-31 by the different railways on the various categories under which these amenities are usually subdivided.

(Figures in thousands.)

Railways.	Water supply.	Waiting rooms and halls.	Indian refreshment rooms.	Booking facilities.	Latrines and sanitary arrangements.	Raised platforms.	Additions and betterments to lower class carriages.	Total.
1. Assam Bengal . .	46	27	34	10	16	..	6,38	7,71
2. Bengal Nagpur . .	10	30	10	..	..	..	2,77	3,27
3. Bengal and North Western.	..	4	11	..	..	..	3,41	3,56
4. Bombay Baroda and Central India.	2	1	20	1,20	50	1,10	7,84	10,87
5. Burma . . .	10	1,00	..	..	5	5	3,58	4,78
6. Eastern Bengal . .	10	36	..	8	1	45	23,79	24,79
7. East Indian . .	2,13	1,64	23	...	55	2,36	27,09	34,00
8. Great Indian Peninsula	..	1,27	13	1,16	10	1,65	14,08	18,39
9. Madras and Southern Mahratta.	23	56	1,12	..	41	..	5,33	7,65
10. North Western . .	1,38	2,01	56	80	82	45	1,20	7,22
11. South Indian . .	23	1,00	39	60	78	1,31	7,15	11,46
TOTAL .	4,75	8,46	3,18	3,94	3,38	7,37	1,02,62	1,33,70

6. *Rolling Stock.*—The programmes of railway administrations contemplate the following expenditure on account of rolling stock during 1930-31.

	Capital	Depreciation Fund.	Lakhs. Total.
Additional stock	199·00	..	199·00
Improvements, renewals and replacements	195·00	317·68	512·68
Total .	394·00	317·68	711·68

Of this the amounts below are for completion of works sanctioned in previous year's programmes :—

	Lakhs.
Capital	105·50
Depreciation Fund	67·72
Grand total . .	173·22

Specific allotments set apart for

	Broad Gauge.				Metre
	Additions.	Renewals.		Total.	Additions.
	Capital.	Capital.	Depreciation Fund.	Capital.	Capital.
I.—Locomotives—					
(a) Engines and Tenders .	..	33,93	63,46	33,93	19,06
(b) Boilers . . .	..	5,77	24,94	5,77	75
(c) Electric Headlights for Locomotives . .	6,02	1,12	2	7,14	62
(d) Superheating of Locomotives . .	..	11,06	14,59	11,06	..
(e) Miscellaneous expenditure . . .	..	—11,66	11,68	—11,66	..
II.—Coaching Stock—					
(a) I and II Class . .	7,96	4,66	3,40	12,62	3,28
(b) Inter and III Class .	8,13	2,99	1,37	11,12	20,16
(c) Other composite coaches . . .	30,80	16,32	11,40	47,12	37,47
(d) Conversion from gas to electricity . .	2,00	..	..	2,00	..
(e) Miscellaneous expenditure . . .	2,76	..	..	2,76	44
III.—Goods Stock—					
(a) General Service .	..	18,18	28,77	18,18	6,90
(b) Other types . .	3,68	9,80	7,71	13,48	9,60
(c) Miscellaneous expenditure . . .	,61	—11,68	14,80	—11,07	..
Total	61,96	80,49	1,79,14	1,42,45	98,28

various new items as shown below :—

(Figures in thousands of rupees.)

Gauge.			Narrow Gauge.				Grand Total.	
Renewals.		Total.	Additions.	Renewals.		Total.		
Capital.	Depreciation Fund.	Capital.	Capital.	Capital.	Depreciation Fund.	Capital.	Capital.	Depreciation Fund.
10,11	16,45	29,17	..	..	..	..	63,10	79,91
60	5,57	1,35	..	23	70	23	7,35	31,21
95	3	1,57	..	..	..	..	8,71	5
1,37	2,91	1,37	..	..	..	..	12,43	17,50
..	..	..	..	7,74	4,93	7,74	—3,92	16,61
89	1,23	4,17	..	16	10	16	16,95	4,73
3,00	5,31	23,17	1,32	11	13	1,43	35,72	6,51
5,90	7,11	43,37	1,84	—17	1,16	1,67	91,86	19,07
..	..	..	..	..	..	..	2,00	..
96	2,80	1,40	..	..	..	..	4,16	2,80
8,03	18,03	14,93	2,61	..	..	2,61	35,72	46,80
1,42	4,28	11,02	69	..	..	69	25,19	11,99
..	8	..	..	..	..	..	—11,07	11,88
33,24	63,80	1,31,52	6,46	8,07	7,02	14,53	2,88,50	2,49,96

The programme authorised by the Railway Board at the time of the preparation of the budget for 1930-31 provides for the construction of new units of stock shown in the table below, all of which, however, will not necessarily be completed and be available for use before the 31st March 1931.

	Broad Gauge.			Metre Gauge.		
	Additions No.	Renewals No.	Total No.	Additions No.	Renewals No.	Total No.
1. Locomotive engines	..	38	38	30	57	87
2. Coaching vehicles (in terms of four-wheelers)—						
(a) I and II class	32	24	56	34	33	67
(b) Inter and III class . .	42	26	68	162	110	272
3. Goods wagons (in terms of four-wheelers) . .	..	1,043	1,043	223	728	951

NOTE.—The figures in this paragraph are exclusive of Inter and III class composite coaches to be built with luggage, brakes, postal compartments, and restaurant cars, multiple coaches, etc. The figures for goods stock represent the number intended for the carriage of goods for the general public and exclude all special types of goods stock, such as oil tanks, rail and timber trucks, sheep vans, ballast wagons, motor vans, store vans, etc.

The following statement shows for the broad and metre gauge lines, the details of the new units of coaching and goods stock in terms of four-wheeler units included in the programme for 1930-31 which will be constructed as *additions* to the authorised stock of the railways :—

Railways.	I and II Class coaching vehicles.		Inter and III Class coaching vehicles.		Goods wagons. General Service.
	Broad Gauge.	Metre Gauge.	Broad Gauge.	Metre Gauge.	Metre Gauge.
North Western . . .	..	..	..	..	..
Bengal and North-Western .	..	..	..	..	..
Eastern Bengal . . .	..	14	24	60	..
Great Indian Peninsula .	..	..	..	..	..
Burma	..	9	..	..	..
Bombay, Baroda and Central India	20	6	16	..	..
South Indian . . .	10	..	..	30	73
Madras and Southern Mahratta . . .	2	..	2	24	..
Assam Bengal . . .	..	5	..	48	150
Total .	32	34	42	162	223

NOTE.—The above figures exclude composite coaches having compartments for classes other than those specified.

New construction.

7. A complete list of new lines, whether under construction or likely to be commenced during the year 1930-31, for which the allotment of 5·01 crores proposed for new construction is intended, is given in the demands for grants for new construction of commercial and strategic lines. The total mileage of these new lines excluding that of the lines to be opened this year aggregates 1,041 miles. The additions to the several main systems are indicated in the tabulated statement below :—

Railway system.	Lines in progress.	Lines the construction of which has been sanctioned but not yet commenced.	Unsanctioned lines.	Total.
Assam Bengal	55	..	..	55
Bengal Nagpur	158	..	..	158
Bengal and North Western	40	..	..	40
Bombay, Baroda and Central India	..	..	..	..
Burma	16	..	..	16
Eastern Bengal	54	117	..	171
East Indian	209	..	..	209
Great Indian Peninsula	43	..	..	43
Madras and Southern Mahratta	..	..	..	..
North Western	53	120	..	173
South Indian	176	..	..	176
Total	804	237	..	1,041

8. It is expected that about 600 miles of railway will be opened in the current year and about 300 miles in 1930-31. The details are as follow :—

Lines opened and to be opened in 1929-30.

Name of project.	*No. of miles.*
Assam Bengal Railway—	
Thakurakona-Mohanganj section of Netrokona Mohanganj)	11
Feni-Belonia	17
Shaistagunj-Balla	17
Chittagong Nazirhat	23
Bombay, Baroda and Central India Railway—	
Boriavi Vadtal	4
Jambusar Kavi Extension.	18
Samni Dehej	25
Burma Railways—	
Nyaunglebin-Madauk	11
Natmauk-Nyaungdo section of Taungdwingyi Kyaukpadaung	36
Myingyan-Natogyi Paleik.	69
Eastern Bengal Railway—	
Banmankhi Behariganj section of Purnea Murliganj	17
Kurigram temporary terminus to Kurigram permanent station	1
Rampur-Boalia Nawabganj section of Abdulpur Nawabganj	32
East Indian Railway—	
Bijuri-Manendragarh section of Central India Coalfields	10
Chandpur-Bijnor Muazzampur Narain	37
Great Indian Peninsula Railway—	
Kusba-Fatehabad Bah section of Agra Bah	21
Bengal Nagpur Railway—	
Raipur-Khariar Road Station (District No. 4) of Raipur Parbatipur section of Raipur Vizianagram	84
Madras and Southern Mahratta Railway—	
Cocanada-Kotipalli	27
Guntur-Macherla	80

Lines opened and to be opened in 1929-30—*contd*

Name of project.	*No. of miles.*
North Western Railway—	
Jassar-Dera Baba Nanak section of Amritsar Narowal	6
South Indian Railway—	
Salem Metur Dam	23
Trichinopoly Pudukkottai section of Trichinopoly Mana-Madura	33
Total	602

Lines expected to be opened in 1930-31.

Assam Bengal Railway—	
Senchoa-Mairabari	30
Chittagong-Duhazari	25
Bengal and North Western Railway—	
Mashrak Thawe	40
Bombay, Baroda and Central India Railway—	
Vasad-Katana	26
Burma Railways—	
Nyaungdo-Kyaukpadaung section of Taungdwingyi-Kyauk-padaung	11
East Indian Railway—	
Unao-Madhoganj	47
Jhagrakhund and Chirmiri sidings of Central India. Coal-fields	13
North Western Railway—	
Mahrabpur Padidan section of Sind Left Bank Feeders	44
South Indian Railway—	
Trichinopoly Manamadura	61
Total	297

APPENDIX II.

Capital expenditure on State Railways.

[Figures in thousands of rupees.]

Railways.	Accounts, 1928-29.	To end of 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.	To end of 1930-31.
Open Lines.					
State Railways managed by State—					
Aden (Commercial) . .	—9	14,04	..	..	14,04
Burma	54,16	28,76,71	1,25,00	51,75	30,53,46
Eastern Bengal . .	98,74	46,55,31	1,60,00	1,09,75	49,25,06
East Indian . .	3,42,90	1,34,10,30	2,06,00	2,07,00	1,38,23,30
Great Indian Peninsula .	3,94,39	1,11,36,05	3,63,00	2,18,00	1,17,17,05
North Western . .	2,22,92	97,71,23	2,15,00	1,17,75	1,01,03,98
Strategic Lines . .	20,21	28,28,09	24,00	23,60	28,75,69
Stores transactions . .	—94	2,35,83	..	..	2,35,83
Abandoned projects . .	..	32,26	..	..	32,26
Total State Railways managed by State . .	11,32,29	4,49,59,82	10,93,00	7,27,85	4,67,80,67
State Railways managed by Companies or Indian States—					
Assam Bengal . . .	38,82	20,02,88	41,00	43,00	20,86,88
Bengal Nagpur . .	45,90	69,20,47	1,55,00	91,00	71,66,47
Bengal and North-Western (Tirhut) . . .	12,21	9,24,92	9,00	17,75	9,51,67
Bezwada Extension . .	17	17,49	15	20	17,84
Bombay, Baroda and Central India . .	1,04,35	70,02,40	1,55,00	1,14,00	72,71,40
Dronachellam Kurnool Railway Extension . .	..	..	35	9,00	9,35
Jodhpur Hyderabad .	1,61	71,36	1,00	50	72,86
Madras and Southern Mahratta . . .	1,07,75	52,94,58	1,41,00	95,00	55,30,58
Rohilkund and Kumaon (Lucknow Bareilly) .	75	1,55,89	—1,00	..	1,54,89
South Indian . . .	1,25,20	29,63,94	1,22,00	1,12,00	31,97,94
Total State Railways managed by Companies or Indian States .	4,36,76	2,53,53,93	6,23,50	4,82,45	2,64,59,88

APPENDIX II—*contd*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1928-29.	To end of 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.	To end of 1930-31.
Brought forward . .	4,36,76	2,53,53,93	6,23,50	4,82,45	2,64,59,88
OPEN LINES—*concld.*					
State Railway Collieries .	7,54	97,56	3,00	2,30	1,02,86
Total Open Lines .	15,76,59	7,04,11,31	17,19,50	12,12,60	7,33,43,41
LINES UNDER CONSTRUCTION.					
State Railways managed by State—					
Burma Railways—					
Alon-Saingbyin . .	25	14,69	..	..	14,69
Pyinmana Taungdwingyi	37	70,85	10	..	70,95
Segyi Ye U . . .	9	13,85	..	..	13,85
Pegu Kayan . .	32	54,24	10	..	54,34
Heho Shevenyaung .	3,27	26,39	20	..	26,59
Mandalay Madaya .	40	13,25	..	..	13,25
Taungdwingyi Kyaukpadaung . . .	14,39	77,75	14,00	3,13	94,88
Sagaing Bridge . .	20,11	30,31	25,80	50,00	1,06,11
Myingyan Natogyi Paleik	17,20	45,84	19,00	4,47	69,31
Kayan Thongwa . .	2,72	13,00	1,40	10	14,50
Nyaunglebin Madauk .	5,33	9,56	3,00	80	13,36
Taungdwingyi-Minbu Pakokku—					
(*a*) Taungdwingyi Patanago	22,33	29,61	26,40	..	56,01
(*b*) Patanago Malun Pakokku . . .					
Total .	86,78	3,99,34	90,00	58,50	5,47,84

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

Railways.	Accounts, 1928-29.	To end of 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.	To end of 1930-31.
Lines under Construction—*contd.*					
State Railways managed by State—*contd.*					
Eastern Bengal Railway—					
Baruipur Lakshmikantapur	11,75	17,51	8,00	25	25,76
Dinajpur Ruhea	6,32	26,05	50	..	26,55
Tangla Belsiri	..	..	3,00	15,00	18,00
Dacca Aricha	1,05	1,05	2,00	2,00	5,05
Kalukhali-Kamarkhali Bhateapara	2,95	3,86	13,00	19,25	36,11
Nawabganj Abdulpur	32,03	58,80	20,00	2,00	80,80
Purnea Murliganj including Behariganj Branch	15,32	21,18	9,50	..	30,68
Total	**69,42**	**1,28,45**	**56,00**	**38,50**	**2,22,95**
East Indian Railway—					
Central Indian Coalfields	64,00	3,70,99	25,00	13,75	4,09,74
South Karanpura colliery sidings in Sounda Sayal etc.	..	..	..	2,13	2,13
Calcutta Chord	54,63	1,44,62	62,50	45,57	2,52,69
Rikhikesh Road Rikhikesh	18	18,25	..	..	18,25
Lucknow Sultanpur Zafarabad	8,33	8,33	27,10	50,00	85,43
Unao-Madhoganj	8,32	8,32	17,40	9,09	34,81
Chandpur-Bijnor Muazzampur Narian Branch	14,04	14,64	8,00	96	23,60
Total	**1,49,50**	**5,65,15**	**1,40,00**	**1,21,50**	**8,26,65**

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

RAILWAYS.	Accounts, 1928-29.	To end of 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.	To end of 1930-31.
LINES UNDER CONSTRUCTION—*contd.*					
State Railways managed by State—*concld.*					
Great Indian Peninsula Railway—					
Agra Bah	9,54	28,47	20	..	28,67
Kurla Trombay	..	7,90	..	..	7,90
Darwha-Pushad	1,98	3,12	10,90	14,50	28,52
Kartal Kamasin	1,73	2,17	20	..	2,37
Nasik Belapur (Sheogaon	1,17	1,17	5	..	1,22
Khamgaon-Chikli	83	1,00	80	..	1,80
Hiwar—khed-Akot-Akola Bassim (late Khandwa Hingoli)	1,38	1,38	1,60	..	2,98
Amraoti Narkhed	1,02	1,02	40	..	1,42
Total	17,65	46,23	14,15	14,50	74,88
North Western Railway—					
Amritsar Narowal	5,25	64,87	—2,60	..	62,27
Kangra Valley	97,61	2,73,16	26,50	..	2,99,66
Shahdara Narowal	42	28,14	5	..	28,19
Jassar-Shakargarh					
Chak Amru	—72	15,87	5	..	15,92
Rohtak Gohana Panipat	—1,15	24,70	10	..	24,80
Lyallpur Jaranwala	1,28	15,46	5	..	15,51
Chak Jhumra Chiniot	13	18,72	35	1,60	20,67
Khushab Chiniot	31,44	81,01	28,50	25,00	1,34,51
Lyallpur Chananwala	13,15	13,15	5,00	..	18,15
Sind Left Bank Feeders	2,43	2,43	24,30	36,00	62,73
Batala Beas	11,02	14,25	1,70	..	15,95
Kalabagh Bridge	16,76	20,32	14,00	5,40	39,72
Strategic Lines	48,29	4,82,19	16,00	1,40	4,99,59
Total	2,25,85	10,54,27	1,14,00	69,40	12,37,67
Total State Railways managed by State	5,49,20	21,93,44	4,14,15	3,02,40	29,09,99

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

Railways.	Accounts, 1928-29.	To end of 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.	To end of 1930-31.
Lines under Construction—*contd.*					
State Railways managed by Companies or Indian States—					
Assam Bengal Railway—					
Sibsagar Road Khawang	—18	31,59	10	23	31,92
Furkating Badulipara Jorhat	2,60	30,80	50	37	31,67
Karimganj Longai Valley	4,46	30,12	85	10	31,07
Netrakona Mohanganj	9,34	17,58	1,10	77	19,45
Habiganj Shaistaganj Balla	11,13	15,89	4,30	1,05	21,24
Senchoa Mairabari	9,07	12,39	7,10	1,79	21,28
Feni Belonia	6,40	9,22	4,00	58	13,80
Chittagong Nazirhat	7,88	10,88	8,00	1,50	20,38
Chittagong Dhuazari	93	93	19,75	15,36	36,04
Megna bridge at Bhairab	..	..	30	..	30
Total	**51,63**	**1,59,40**	**46,00**	**21,75**	**2,27,15**
Bengal Nagpur Railway—					
Raipur Parvatipur	83,05	2,04,61	94,00	1,00,00	3,98,61
Tumsar Road Tirodi	14,62	33,96	6,00	5,50	45,46
Guttitangar Branch	—22	2,04	..	..	2,04
Kedla Colliery Branch	—34	..	..	..	..
Total	**96,51**	**2,40,61**	**1,00,00**	**1,05,50**	**4,46,11**

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

Railways.	Accounts, 1928-29.	To end of 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.	To end of 1930-31.
Lines under Construction—*contd.*					
State Railways managed by Companies or Indian States—contd.					
Bengal and North-Western Railway—					
Mashrak Tawe . .	1,04	1,04	10,00	7,50	18,54
Total .	1,04	1,04	10,00	7,50	18,54
Bombay, Baroda and Central India Railway—					
Jambusar Kavi . .	2,31	5,85	—5,85	..	..
Vasad Katana . .	7,21	7,33	12,85	..	20,18
Samni Dehej . .	2,62	6,84	2,73	..	9,57
Boriavi Vadtal . .	1,09	1,82	—1,83	.	—1
Thasra-Virpur . .	1	1	10	..	11
Total	13,24	21,85	8,00	..	29,85
Madras and Southern Mahratta Railway—					
Nidadavolu Narasapur .	22,32	69,31	10	..	69,41
Cocanada Kotepalli .	11,32	28,51	11,60	2,05	42,16
Gudivada Bhimavaram .	7,81	38,97	1,70	..	40,67
Hotgi Sholapur . .	1	7,61	..	..	7,61
Kannivihalli Swamihalli	36	5,76	20	..	5,96
Guntur-Gurzala-Macherla	13,75	30,72	13,40	3,20	47,32
Total .	55,57	1,80,88	27,00	5,25	2,13,13

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

Railways.	Accounts, 1928-29.	To end of 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.	To end of 1930-31.
Lines under Construction —*contd.*					
State Railways managed by Companies or Indian States —*contd.*					
South Indian Railway—					
Villupuram Trichinopoly	23,25	1,91,37	5,00	4,06	2,00,43
Virudunagar Tenkasi .	51	68,82	1,70	51	71,03
Shoranur Nilambur .	3,39	79,33	70	—21	79,82
Dindigul Pollachi . .	11,08	78,60	40	3,32	82,32
Trichinopoly Manamadura. . . .	52,44	71,25	26,55	20,00	1,17,80
Mayavaram Tranquebar	11,51	19,36	1,50	96	21,82
Madura Bodinayakanur	14,19	52,28	90	1,68	54,86
Vriddhachalam Cuddalore	3,16	25,12	75	1,00	26,87
Salem Attur Vriddhachallam . . .	22,67	22,81	27,00	15,00	64,81
Pollachi Palghat . .	1,50	1,50	20,00	12,68	34,18
Salem Mettur Dam .	11,30	12,13	1,50	...	13,63
Arantangi Manamadura.	75	1,04	...	...	1,04
Total .	1,55,75	6,23,61	86,00	59,00	7,68,61

APPENDIX II—*concld.*

(Figures in thousands of rupees.)

Railways.	Accounts, 1928-29.	To end of 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.	To end of 1930-31.
Lines under Construction—*concld.*					
State Railways managed by Companies or Indian States—*concld.*					
Nizam's Guaranteed State Railways—					
Dhone (Dronachalam) Kurnool Extension .	5,07	15,46	—15	..	15,31
Total State Railways managed by Companies or Indian States . . .	3,78,81	12,42,85	2,76,85	1,99,00	17,18,70
Total Lines under Construction . .	9,28,01	34,36,29	6,91,00	5,01,40	46,28,69
Total Open Lines and Constructions .	25,04,60	7,38,47,60	24,10,50	17,14,00	7,79,72,10
Purchase of railways and branch lines shares .	4,30,48	4,63,35	7,10,07	..	11,73,42
Deduct—Probable throw forward .	..	..	..	39,00	39,00
Total Capital Expenditure .	29,35,08	7,43,10,95	31,20,57	16,75,00	7,91,06,52

APPENDIX III.

Gross receipts, working expenses, and receipts of State Railways.

Gross Receipts.

(Figures in thousands of rupees.)

State Railways.	Accounts.					Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.		
	M.	*M.*	*M.*	*M.*	*M.*	*M.*	*M.*
Open mileage at end of year . .	27,324	27,430	28,004	28,426	29,451	30,053	30,350
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State.							
Burma . . .	4,29,89	4,93,82	4,62,69	5,06,63	4,96,38	5,00,00	5,25,00
Eastern Bengal .	5,99,16	6,33,87	6,77,12	7,08,20	7,08,98	7,20,00	7,50,00
East Indian . .	20,90,57	19,92,11	19,77,51	20,66,85	20,41,85	19,75,00	20,00,00
Great Indian Peninsula . . .	15,29,68	14,79,90	14,80,21	15,22,67	15,43,99	15,30,00	15,50,00
North-Western—Commercial Lines .	15,39,35	13,78,33	14,18,69	14,99,84	14,31,69	14,31,00	15,34,00
Strategic Lines .	1,59,87	1,64,07	1,53,45	1,60,40	1,66,65	1,64,00	1,64,00
State Railways managed by Companies or Indian States.							
Assam Bengal .	1,44,14	1,64,51	1,76,28	2,05,22	2,07,56	2,10,00	2,25,00
Bengal Nagpur .	8,39,16	8,39,69	8,22,29	9,17,45	9,14,14	9,60,00	9,75,00
Bombay, Baroda and Central India .	12,39,54	12,25,95	11,35,35	11,45,28	11,96,08	11,50,00	11,75,00
Madras and Southern Mahratta . .	7,92,89	8,19,23	8,12,55	8,65,90	9,22,87	9,20,00	9,50,00
South Indian . .	5,14,78	5,44,12	5,48,91	5,80,67	5,63,24	6,40,00	6,75,00
Other Railways .	2,25,53	2,34,10	2,38,93	2,44,61	2,39,41	2,50,00	2,52,00
Total .	1,01,04,56	99,70,00	99,03,98	1,04,23,72	1,04,33,74	1,04,50,00	1,07,75,00

APPENDIX III—*contd.*

Working Expenses.

(Figures in thousands of rupees.)

State Railways.	Accounts.					Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.		
State Railways managed by the State.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Burma	2,53,53	2,74,77	2,82,51	2,89,60	3,01,52	3,16,53	3,26,37
Eastern Bengal	4,26,71	4,64,18	4,45,39	4,59,64	4,75,11	4,74,56	4,80,20
East Indian	13,02,84	12,22,71	12,02,37	12,15,10	12,28,09	12,67,62	12,83,80
Great Indian Peninsula	9,11,81	10,68,03	10,42,39	9,91,02	10,17,61	10,33,66	10,60,69
North-Western—Commercial Lines	9,52,44	8,96,09	9,64,47	10,01,21	10,10,18	10,60,07	11,35,47
Strategic Lines	1,95,76	1,80,14	1,86,71	1,94,66	1,98,61	2,09,73	2,09,43
State Railways managed by Companies or Indian States.							
Assam Bengal	90,96	88,93	95,92	1,07,87	1,10,30	1,35,69	1,39,42
Bengal Nagpur	5,15,72	5,25,36	4,74,21	5,63,74	6,79,31	6,87,15	6,98,50
Bombay, Baroda and Central India	6,70,85	7,51,90	7,14,10	7,10,78	6,87,98	7,24,50	7,44,85
Madras and Southern Mahratta	4,34,98	4,77,09	4,54,60	5,17,32	4,65,22	4,95,60	5,07,57
South Indian	2,82,57	3,16,51	2,93,80	3,53,48	3,18,98	3,57,50	3,74,82
Other Railways	1,10,44	1,07,61	1,24,12	1,08,44	1,09,51	1,20,09	1,15,13
Difference between the actual expenditure from Depreciation Fund and the contribution to the Fund in company managed railways.	1,80,47	68,64	1,59,13	11,49	80,03	..	..
Total	63,29,08	64,41,96	64,39,72	65,24,35	66,82,45	68,82,70	70,76,25
Miscellaneous items not distributed between railways.							
(*a*) Expenditure on writing off difference between book and market value of stores	—38,29	..	..	..	..	..	..
(*b*) Provision for improvement of service conditions of lower paid employes	..	..	..	..	..	..	25,00
(*c*) Credits for returned materials	..	..	..	..	..	..	—82,00
Grand Total	62,90,79	64,41,96	64,39,72	65,24,35	66,82,45	68,82,70	70,18,25

APPENDIX III—*concld.*

Net Receipts.

(Figures in thousands of rupees.)

State Railways.	Accounts.					Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
	1924-25.	1925-26.	1926-27.	1927-28.	1928 29.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State.							
Burma . . .	1,76,36	2,19,05	1,80,18	2,17,03	1,94,86	1,83,47	1,98,63
Eastern Bengal .	1,72,45	1,69,69	2,31,73	2,48,56	2,33,87	2,45,44	2,69,80
East Indian . .	7,87,73	7,69,40	7,75,14	8,51,75	8,13,76	7,07,38	7,16,20
Great Indian Peninsula . . .	6,17,87	4,11,87	4,37,82	5,31,65	5,26,38	4,96,34	4,89,31
North Western—Commercial lines .	5,86,91	4,82,24	4,54,22	4,98,63	4,21,51	3,70,93	3,98,53
Strategic lines .	—35,89	—16,07	—33,26	—34,26	—31,96	—45,73	—45,43
State Railways managed by Companies or Indian States.							
Assam Bengal .	53,18	75,58	80,36	97,35	97,26	74,31	85,58
Bengal Nagpur .	3,23,44	3,14,63	3,48,08	3,53,71	2,34,83	2,72,85	2,76,50
Bombay, Baroda and Central India .	5,68,69	4,74,05	4,21,25	4,34,50	5,09,00	4,25,50	4,30,15
Madras and Southern Mahratta . .	3,57,91	3,42,14	3,57,95	3,48,58	4,57,65	4,24,40	4,42,43
South Indian . .	2,32,21	2,27,61	2,55,11	2,27,19	2,44,26	2,32,50	3,00,18
Other Railways .	1,15,09	1,26,49	1,14,81	1,36,17	1,29,90	1,29,91	1,36,87
Difference between the actual expenditure from Depreciation Fund and the contribution to the Fund in company managed railways .	—1,80,47	—68,64	—1,59,13	—11,49	—80,03	..	..
Total .	37,75,48	35,28,04	34,64,26	38,99,37	37,51,29	35,67,30	36,98,75
Miscellaneous items*	38,29	..	..	..	..	..	58,00
Grand Total .	38,13,77	35,28,04	34,64,26	38,99,37	37,51,29	35,67,30	37,56,75

* For details see pages 90—91.

PART II.

GENERAL BUDGET.

Speech of the Finance Member

Introducing the

Budget for 1930-31.

INTRODUCTORY.

The Honourable Sir George Schuster (Finance Member): In presenting my budget proposals this year, I intend to depart to some extent from the procedure which has been followed hitherto and to confine my explanations of the past, current and prospective conditions, as far as possible, to a broad descriptive statement, leaving the great mass of detail of figures to be supplied in the Explanatory Memorandum which will be circulated to Honourable Members together with a copy of my speech. Nevertheless, it is necessary to give a good many figures in order to explain the situation and I am afraid that I have so many important matters to propound that it will not be possible for me to be very brief.

Actual out-turn of 1928-29.

2. Honourable Members will recollect that, in reviewing the position last year, I said that the main question for consideration, in deciding our policy was whether the gap caused by the final remission of the provincial contributions in 1927 had been filled, or whether the time had come to recognise that it had not been filled and that it would be necessary to find some new source of revenue. In dealing with the revised estimates for 1928-29, I pointed out that the results for the year had been, or were likely to be, improved by a number of fortuitous circumstances, that is to say, a throwforward of land customs revenue from the preceding year and an abnormal anticipation of salt revenue owing to speculation. I indicated that, had it not been for these fortuitous circumstances, we should have had to anticipate a deficit in 1928-29; and I therefore thought that it was clear that the gap, to which I have referred, had not been filled in that year. Subsequent events have reinforced that conclusion. There was, in fact, a serious deterioration under several headings in the last two months of 1928-29, on top of which came an exceptional item, namely, a heavy drop in the amount which could be credited to revenue from the Gold Standard Reserve, due to the necessity for writing down the securities as a result of the raising of the Bank of England rate to 5½ per cent. in the middle of February last. This last item did not, of course, represent a realised loss and will, in fact, be more than made good by extra receipts in the current year. As a result of these factors, the year 1928-29 actually closed with a deficit of 1,06 lakhs instead of with the surplus of 30 lakhs anticipated in my revised estimates last year. The exceptional items of deterioration to which I have referred, may be regarded as counterbalancing, to some extent, the special favourable items which I mentioned last year, so that, on the whole the results of 1928-29 now appear more nearly in their true colours.

3. What this result has meant to us is that, instead of being able to make an addition of 30 lakhs to the balance of 74 lakhs standing to the credit of the Revenue Reserve Fund, the whole of that balance had to be drawn upon and we were left with an uncovered deficit of 32 lakhs.

Review of the year 1929-30.

General conditions.

4. Turning now to the results for the current year 1929-30, though I can see no cause for anything like permanent pessimism for the future, there are many things which have increased the difficulties of the present. Failure of rains in some places, excessive rains with serious flood damage in others, combined with political uncertainties which have had an unsettling effect on commerce and industry, have been factors special to India, while, at the same time, India has suffered from the general disturbance to world conditions caused mainly by the unprecedented Stock Exchange speculations in the United States followed by the sudden and sensational collapse in October. The speculation was accompanied by a huge demand for money to finance Stock Exchange transactions at high rates of interest which attracted a flow of capital from all countries on a scale which has hitherto been unknown. The collapse seems likely to result in a period of business stagnation in America, which has already produced a serious fall in the prices of all commodities. While the effect of these events on monetary conditions in India has been apparent throughout the year under review, the effect of the fall in prices on trade and production is only now beginning to be felt. I propose to revert later to general economic conditions in India. At the present stage, it is only necessary to give a brief review of the actual trade conditions in the first nine months of this year.

5. The visible balance of India's trade, including private imports of treasure, for the nine months ended the 31st December 1929 was 41·62 crores against 39·76 crores in 1928 and 33·07 crores in 1927. Exports of Indian merchandise, however, show a deterioration of about 8½ crores as compared with last year which is accounted for by a large drop under jute yarns and manufactures (3·38 crores), jute raw and waste (2·71 crores), wheat (1·46 crores), barley (1·58 crores) and hides and skins (1·39 crores). Rice exports, on the other hand, have been considerably more encouraging and show an improvement of 2·51 crores, while exports of cotton are also slightly better than last year (·22 crores).

6. Imports of foreign merchandise also show a considerable drop as compared with last year (4·54 crores) which is shared by cotton yarns and manufactures (2·11 crores), other yarns, manufactures and textile fabrics (2 crores), iron and steel and manufactures thereof (1·39 crores). It is satisfactory to note that imports of rice which amounted to 1·49 crores in the first nine months of last year fell to 7 lakhs during the same months of the current year, although imports of wheat increased from 1·75 crores to 3·64 crores.

7. Despite the fact that the fall in the exports is about twice that in imports, the visible balance of trade has actually risen, as net private imports of treasure also fell by 6·38 crores to 18·12 crores which is the lowest figure touched since 1922-23.

Revised estimates.

8. The unfavourable factors to which I have referred, have, of course, been reflected in our budgetary results, but, on the whole, we have been fortunate in the sense that we have had certain special wind-falls, as a result of which I can anticipate that the accounts for 1929-30 will close without showing a deficit. In the first place, we have found ourselves, as a result of the facts which I have already explained, without any balance to the credit of the Revenue Reserve Fund and, therefore, unable from this source to make good the deficit of 90 lakhs which, as Honourable Members will recollect, I had anticipated for the current year. Apart from this, the results to date indicate, on balance, a deterioration as compared with the budget estimate. While Taxes on Income, Salt and net Opium receipts indicate a probable improvement of 1,12 lakhs, there are deteriorations under Customs (55 lakhs), Miscellaneous payments (52 lakhs), Railways (13 lakhs), Posts and Telegraphs (50 lakhs) and other heads (8 lakhs). I must here mention that the items affecting Interest—that is to say, taking into account outgoings and receipts together—only show a net deterioration of 3 lakhs; but the deterioration would have been considerably larger if we had not had exceptionally large receipts from interest on the Gold Standard Reserve. The high rates of interest prevailing for money during the first nine months of the year, combined with an appreciation in the value of our investments from the low point to which they had, as I have already explained, been written down on the 31st March 1929, have combined to give us an altogether exceptional figure under this heading. Our receipts, in fact, exceeded the budget estimate by 74 lakhs. I shall refer to this matter again.

Deficit averted by a wind-fall.

9. The result from all the figures which I have given, is a net deterioration of 66 lakhs as compared with the budget estimate, and this, combined with the original deficit of 90 lakhs, which, as explained, cannot be covered, as expected, by a transfer from the Revenue Reserve Fund, brings us to a total deficit of 1,56 lakhs. As against this, however, we can balance a special wind-fall, because we are able to bring into account a large sum held by us at credit of the German Liquidation Account under the Treaty of Versailles, which, as a result of decisions arrived at at the Hague Conference, will now accrue to the Government of India. By a curious coincidence, this amount is 1,56 lakhs and exactly balances the deficit previously disclosed. On this basis, therefore, the year 1929-30 will close with an even balance.

Gap not fully filled.

10. I do not, however, wish to give a misleading picture and we must fully realise that several exceptional receipts—apart from this special wind-fall—have contributed to the result. I have already alluded to the exceptionally high item for receipts under the heading of interest on the Gold Standard Reserve, and, in addition to this, there are several items which can hardly be regarded as normal. I would refer specially to the sugar import duty on which we anticipate a receipt of 8·35 crores as against the budget estimate of 7 crores, and jute export duty, which at 4·71 crores, is 50 lakhs above what I consider to be a safe and normal figure. Further, the revised estimate for Taxes on Income includes a special wind-fall of 30 lakhs as the net result of certain judgments in the Privy Council. I refer to these matters, because, in any review of the position undertaken for the purpose

of considering future policy, it is necessary to eliminate exceptional items of this kind. If, on this basis, we examine the position since the final remission of the provincial contributions, we find that in 1927-28 there was an actual deficit of 2,21 lakhs; in 1928-29 a deficit of 1,06 lakhs; while, for 1929-30, the figures which I have given sufficiently clearly explain the position. These results indicate that, taking into account the unavoidable increase in expenditure, and even making allowances for the present depressed trade conditions, the gap caused by the remission of the provincial contributions has not, on a normal estimate of revenue and expenditure, been fully filled.

PROSPECTS FOR THE YEAR 1930-31.

11. I must now turn to the prospects for the next year—1930-31, so arranging my statement as to indicate, as clearly as I can, the main framework of the problem with which we have to deal. I will start with certain preliminary explanations. First, on a matter of detail, in the figures which I am now going to give to the House, I shall eliminate receipts on account of the two-anna petrol tax which are off-set by the block grant on the other side to the Road Development Fund. Secondly, in my forecast for next year, I am not taking into account the possible effects on revenue of serious disturbance or the practice of civil disobedience. Even if we could consent to the assumption that the threats of such action will be realised (which, of course, we cannot do), it would be impossible to estimate its effects. Nevertheless, I cannot avoid taking some account of the reaction of the attitude of certain political leaders and parties on business conditions in the country, for, to some extent, that reaction is already an established reality. A serious blow has been given to confidence, both within India and outside it, by the doctrines preached in December last at Lahore and since then throughout the country. In saying this, I refer not only to the threat of repudiation of debts—which I am convinced that no responsible Indians take seriously—but also to the general programme of civil disobedience and the attitude of hostility to the British connection and British interests. It is not for me, in a financial speech, to express views as regards this policy or the ideals which underlie it. I only wish to refer to the inevitable economic results.

Political conditions.

12. Translating this view into a practical appreciation of the budgetary prospects for next year, I am forced to the conclusion that, even allowing for a reasonable good monsoon, the prospects of trade cannot be regarded as very bright. World conditions are against us and the chances that business in India can develop favourably in spite of these adverse factors, are very seriously reduced by the blow to confidence in new enterprise which has been given by the conduct to which I have referred.

13. Adopting this appreciation of the position, my forecast as regards the main headings of revenue would be as follows:

Revenue.

Customs.—I am allowing for a net deterioration, exclusive of the Road Fund receipts, of 1,09 lakhs as compared with the budget estimate of the current year, and of ·42 lakhs as compared with the revised estimate. The total estimate for Customs, exclusive of the Road Fund receipts, is thus put at 49·30 crores.

Taxes on Income.—I expect we shall collect 17·30 crores, which is 70 lakhs more than the current year's budget figure, though only 20 lakhs more than the revised estimate.

Salt.—I have assumed a receipt of 7·05 crores which again is 70 lakhs more than the original estimate of the current year. This latter, as explained in my last budget speech, was abnormally low as a result of speculation.

Opium.—Compared with the budget for 1929-30, next year is expected to show a drop of 33 lakhs in receipts as a result of the ten-year programme, and of 7 lakhs in payments—a net diminution of 26 lakhs.

14. The net result is that, so far as the main heads of general revenue are concerned, there will, on the basis of existing taxes, be a net growth of no more than 5 lakhs as compared with the budget estimate of the current year.

Departmental transactions.

15. Turning to departmental transactions, this House is already aware that the contribution from the Railways to general revenues is likely to be less satisfactory than in recent years. The total is estimated at 5·74 crores, as compared with the budget figure last year of 6·25 crores, showing a net deterioration of 51 lakhs. In *Posts and Telegraphs*, prospects for next year are likewise unsatisfactory. It is necessary to anticipate a deficit of 48 lakhs on the Indian Posts and Telegraphs Department and of 8 lakhs on the Indo-European Telegraph Department. Taking into account the capital expenditure charged to revenue, the net deterioration as compared with the budget estimate of the current year is 48 lakhs.

16. It will be seen, therefore, that, on the results of the two large Commercial Departments of the Government, the Railways and the Posts and Telegraphs Department, we have to anticipate a total deterioration of 99 lakhs as compared with the budget estimate for 1929-30.

Expenditure.

17. I will now turn to the main heads of expenditure. In dealing with this, I intend, throughout my remarks, to draw a distinction between normal administrative outgoings and those other heads such as Debt Services, where we have to meet either charges for the service of our loans or make provision for redemption or security. Expenditure of this sort falls in a different category, for the charge for service of the loans is unavoidable, while to provide money for security provisions cannot be criticised as extravagance but is, on the contrary, a thing to be commended as sound and prudent finance.

Administrative expenditure.

18. Having drawn the distinction between these two kinds of expenditure, I will turn to examine the former, namely, the whole field of normal administrative expenditure. It is on our action in this field that I expect and, indeed, desire Honourable Members to turn their most critical scrutiny. There is a general demand for retrenchment and economy on the one side, and, on the other there is the persistent and insistent pressure for increased expenditure on particular projects, such as improvement of conditions of service, education, hospitals, and sanitary arrangements, agricultural endowment, police measures, roads, etc., and very often those who press most vehemently for retrenchment in general, are among the strongest supporters of particular proposals for new expenditure. I shall deal later

with the general position as regards an economy survey and the possibilities of retrenchment. For my present purpose, I merely wish to give some indication of the total amount of new demands for which, after most careful scrutiny and rigid exclusion of everything that is not necessary, we have thought it essential to provide. In what I have now to say, I shall be comparing the budget estimates for next year with the budget estimates for 1929-30, because it is in this way that I can most clearly present the problem.

Increments.

19. In the first place, there are the normal increments in rates of pay for the existing staff of Government officials. Now that a time-scale basis has been adopted in practically all Departments, this is an inevitable commitment, and, unfortunately, we have not yet approached anything like the peak figure. It is very difficult to frame an exact statement of the yearly increase due to this cause; but I am satisfied, after careful investigation, that a fairly reasonable estimate of the total increase under this heading, as compared with the budget estimates in the current year, is 25 lakhs.

Special new demands.

20. Apart from this, there are a number of new demands of a special nature which are of sufficient interest for me to call the attention of the House to them:

	Lakhs.
Census Operations	11

This requires no special explanation. It is expenditure which has regularly to be undertaken every ten years and is not a normal annual charge.

Grant to Aligarh University	5

This grant is made in accordance with the undertaking which has already been given by Government in this Assembly.

Recurrent Grant for Agricultural Research	5

This is the first year in which this grant figures in the budget estimates. This money is to be devoted to special schemes for agricultural research and is additional to the annual expenditure of about 2½ lakhs which is also included, to its full extent, in the budget this year to meet the charges of administrative staff.

Special Fund for financing measures for the encouragement of Sugar Cultivation	10

This is an item to which I have special pleasure in making reference, as it represents a first step in a definite constructive policy by the Central Government, taken up as a sequel to the recommendations of the Agricultural Commission. It is to be hoped that this, combined with other measures included in my budget proposals, will have a definite and far-reaching effect on the agricultural production of India and the material prosperity of cultivators in the sugar-growing districts.

Banking Enquiry	7

This requires no special explanation as the circumstances are familiar to Honourable Members. There was no corresponding provision in the Budget for 1929-30, although I had to ask for a supplementary grant for the current year. I will only take this occasion for saying that I have great hopes that the Banking Enquiry may represent

Lakhs.

the first chapter in a long story of development of India's resources under the leadership of Indians. Much valuable work has already been achieved and, in time, the country will come to appreciate the work of, and express gratitude to, those on the Provincial and Central Committees who have taken the lead in this work. I do not wish myself now to select any particular names for mention; but I should like to express general satisfaction and gratitude for the whole-hearted co-operation which I have received. My Honourable friend Mr. Kelkar, in the course of his speech in the budget debate last year, told me that the spirit of co-operation was dead. I ventured, on that occasion, to express my disbelief in this dictum, and I am glad to be able to say that my experience during the last twelve months has supported my view. As I have said on many occasions, I do not expect that any striking and spectacular measures can be produced immediately as a result of this Enquiry. But I do hope and I most sincerely believe that a strong and steady movement will be started as a result of the interest evoked by the Enquiry and the education of public opinion which the reports will produce. As a result of this Enquiry, we shall have a simultaneous survey of conditions throughout India of a kind which has never before been achieved, and I am certain that this survey will throw into high light the field for work to improve conditions, while, from the recommendations which will be made, we shall get valuable help as to the nature of the work to be undertaken. I have great hopes also that, from the Provincial Committees and from the Central Committee, there may spring up some form of permanent organisation for keeping watch on the field for action, learning lessons from the development which takes place and proposing new measures from time to time as the need for these becomes apparent.

I have been told sometimes that the procedure adopted has been cumbersome and unbusinesslike; but I have been very gratified to find that, as the result of the Enquiry and the interest taken in it have become clear, those who criticised at the beginning have tended to change their view. Possibly, viewed as an act in one of the late chapters in the history of an old and experienced bureaucracy, there may be something of an amateur and unbusinesslike nature in the procedure which we have chosen. But I prefer to regard it not in this light but as an act in the first chapter of a new volume in the history of India's constitutional and social evolution. Doubtless, mistakes have been made and doubtless, much of the work may prove to be of an amateur and inexperienced nature; but, if mistakes have been made, they will be mistakes from which further experience will be gained, and nearly all of those who gain experience on the various committees in this Enquiry will remain in the country and be capable, in their further public service, of giving to the country the value of that experience.

The next special item to which I come is the *Royal Commission on Labour* for which the increase over the budget provision in the current year is 5

This again is a subject well-known to the Assembly, and again it is an enquiry which, one may hope, will produce results of lasting value to the country and of great benefit to the wage-earning classes.

Lakhs.

A further item of special interest is a provision for the next instalment in the programme for developing the *Territorial Force* in India of. 5

This grant will provide for a further instalment in the current programme, and will mean, principally, the improvement of training facilities for existing units and the raising of two new urban Companies.

The largest item of special new expenditure to which I now come is that on measures to be taken for the development of *Civil Aviation*, the total of which, including many non-recurring items, amounts to ... 24·5

The policy which has been adopted in this matter is now well-known and the Government's plans have been fully discussed and considered in the Standing Finance Committee. In framing their policy, the Government have endeavoured to meet the wishes of the non-official representatives in this House, and I would only take this occasion to remark that the greater part of the expenditure which we are now undertaking, particularly that for the provision of ground organisation and meteorological facilities, is really forced on us by our international obligations.

Apart from the above items, I will select for special mention the following:

Lakhs.

Further instalment of the programme of medical and public health improvements in centrally administered areas	3·5
Broadcasting	2·7
Special repairs to flood damages in the North-West Frontier Province	5
Andamans reclamation (increase in grant made in 1929-30) ...	5
Mechanical extraction of timber in the Andamans	2
Forest conservancy in the North-West Frontier Province ...	1·5
New staff and equipment for the Imperial Department of Agriculture	1·5
Agricultural development in Baluchistan	·5
Appointment of Indian Trade Commissioners overseas and strengthening of the superior staff of the High Commissioner for India, London	·5
The total of the above items is roundly	95
To this must be added a sum for miscellaneous new items of ...	26

These, together with the sum of 25 lakhs to which I referred at the beginning as representing the increase on account of increments of pay, bring the total of the new expenditure, for which we have to make provision in the budget, to 1,46

21. I have risked wearying the House in giving these details, because I have been anxious this year to place before Honourable Members a full picture of the problem which we really have to meet, and I have thought that, by analysing and selecting the new items of expenditure, I should enable them to understand the case more clearly than can easily be done by a scrutiny of the very complicated volume in which the Demands for Grants are set out. The items to which I have referred are those in regard to which, as I have said already, the Government's policy as regards economy is chiefly to be tested.

Interest payment.

22. I must turn now to those headings of expenditure which fall into the other class, and I would refer chiefly to the Government's debt obligations. I shall first deal with ordinary interest payments.

Lakhs.

Interest on Ordinary Debt shows an increase of ... ... 46 partly as a result of larger treasury bill transactions, and partly because larger provision has been made for the cost of conversion operations.

Interest on Other Obligations, including provision for cash certificates on the basis which has hitherto been adopted, shows an increase of ... 61

of which 15 represents higher rates of interest to be allowed on Provident Fund balances and 21 is accounted for by higher borrowing rates.

Receipts from the Gold Standard Reserve.

23. Interest receipts are put at the same figure as in the budget estimate for the current year, 3·45 crores, and here I would explain that we propose, in future, to adopt a more conservative system as regards the Gold Standard Reserve interest. We propose, in fact, to treat £1,600,000 as the standard figure of revenue. If, in any year, the actual receipts exceed this sum, one-half of the surplus will be added to revenue and one-half will be transferred to an Equalisation Fund, which Fund will be available to be drawn upon to make the receipts up to the standard figure of £1,600,000 in any subsequent year in which they fall below that level. It is, I am glad to say, possible to make a start by putting a balance in this Fund immediately. The actual receipts for 1929-30 are estimated at £2,400,000, and out of this sum it is proposed to make a start by placing £100,000 to the credit of the Equalisation Fund. For the coming year, we estimate the receipts at £1,700,000, so that, acting on the rule which I have stated, we propose to include £1,650,000 in the budget estimates of revenue and to transfer the balance of £50,000 to the Equalisation Fund. I am convinced that this proposal represents a great improvement in our system and is in accord with principles of sound finance. The fluctuations which have occurred in the past have been of so wide a nature as to be embarrassing to the budgetary position and to create a misleading impression as to our general revenues. I need only quote the example of the last two years. For 1928-29 the ultimate figure was £1,243,000, while for 1929-30, as I have already stated, the revised estimates put the receipts at no less than £2,400,000. As I have already explained, the figure which we are now

taking gives us the same total of interest receipts as in the Budget for the current year, and, therefore, allowing for the increases in interest payments, the net deterioration under the general head of Interest is 1,07 lakhs.

Bonus on cash certificates.

24. I now come to the subject of the special provision to meet our liability in regard to Post Office Cash Certificates. Honourable Members are so familiar with this subject that I need not go into great detail. The amount which we calculate as likely to be payable next year in respect of bonuses is 1 crore. But this, Honourable Members are well aware, is something much less than the liability which will actually accrue during the year. The total balance remaining in the hands of the Government from receipts from Cash Certificates will amount, at the close of the current year, to 35¼ crores, so that the provision of 1 crore represents less than 3 per cent. on this. I have carefully calculated what the full amount of the liability, which will accrue during the next year, will be, and it comes to a figure of 1,88 lakhs. If, therefore, we are to make full provision for this accruing liability, we ought to find another 88 lakhs for the purpose, and it must be remembered that this will only cover the liability accruing during the year and will include no provision for meeting the liability which has already accrued. I have come to the conclusion that this accrued liability must be regarded now as part of the Government's debt and that, having regard to the provision which we make annually for reduction or avoidance of debt, the situation in regard to this is not unsound. But I feel no hesitation in saying that the time has come when we ought to make full provision for the liability which, in future, will annually accrue. Therefore, I have to provide for this new charge of 88 lakhs.

Reduction or Avoidance of Debt.

25. I next come to the provision for reduction or avoidance of debt. As Honourable Members will recollect, I stated in my budget speech last year, that I proposed to bring this under review in accordance with the arrangements originally fixed and I promised to take representatives of this House into my confidence before making any change. In accordance with this undertaking, I have communicated on two occasions with the leaders of the non-official parties in the House. On the first occasion, I asked whether they had any suggestions to make, and to this request I received no response. On the second occasion, I informed them that, after my own consideration of the matter, I had come to the conclusion that our arrangements in this respect were so closely connected with the arrangements for the Railway Convention that I thought that the two reviews ought to be undertaken concurrently with one another. My reason for this view is shortly as follows.

Connection with Railway Convention.

26. According to the present Convention, the Government receive, in addition to the refund of the actual interest which the Government have themselves to pay on loans raised for Railway purposes, a contribution, which, although it is made up of various elements, may be regarded as a percentage on the capital advanced to the Railways. Looked at in this way, it represents the distribution of even less than 1¼ per cent. on the Government debt, which forms the basis of the present provision

for reduction or avoidance of debt. In fact, I think it is, on broad lines, correct to regard the one as balancing the other, and we shall arrive at a truer picture of what the Government draw from the Railways if we realise that, in fact, the Government get no profit but apply practically all that they receive, apart from a refund of their own interest payments, for the amortisation of their capital. When, therefore, the contribution falls below a certain figure, the Government, if they made up their accounts on a profit and loss basis, would actually show a net loss on the year. This is not the occasion for me to examine the justice or otherwise of this arrangement, but I think that what I have said is enough to show that the two arrangements are closely inter-connected. I may say that, when I represented this close inter-connection to the leaders of the various parties, the response, so far as I received any, appeared to me to indicate a general agreement with my view that the two Conventions must be considered together. I feel, moreover, most strongly, on general grounds, that this is not the time when, keeping in view our credit in the world, we ought to attempt any substantial diminution in our provision for reduction or avoidance of debt. Anything that savours of a "raid" on a public Sinking Fund is normally,—and, I think, quite rightly,—viewed with disfavour. I hope, therefore, that I shall have general agreement from Honourable Members that it is better to leave this provision substantially untouched and to bring it under review at the time of the general revision of finances including a re-distribution of the sources of revenue as between the Central Government and the Provinces, which must be a sequel to the proposals of the Constitutional revision which will shortly be before us.

Changes in Debt Redemption provisions.

27. I have, however, thought it justifiable to introduce two small changes in our present system. In the first place, we are now regularly in receipt of certain annual payments on account of Reparations. These have hitherto been added to the provision for reduction or avoidance of debt. But, on the view which I have taken above, this provision is at present adequate by itself, and I do not think that there is any justification for increasing it by the adventitious addition of Reparation receipts. I feel the more justified in adopting this view for the next year, because I propose next year, for the first time, to make adequate provision for our accruing liability in respect of cash certificates. This means that a receipt of 32 lakhs which would otherwise have been added to the provision for reduction or avoidance of debt will be available for other purposes and I think we may regard it as earmarked against the provision which I am making for the Post Office cash certificates.

28. The second change which I am proposing is of a minor nature. I have found that, in regard to the sterling debt incurred since the 31st March 1923, the rupee equivalent on which the percentage for reduction or avoidance of debt is based, is still reckoned on an exchange rate of 1*s.* 4*d.* I am proposing that the conversion should be made at the present statutory rate which is obviously the correct basis. This makes a difference of 12 lakhs. Even allowing for these two changes, the increase in the provision for reduction or avoidance of debt is 27 lakhs, the total amount standing at 6 crores as compared with 5·73 crores included in the budget estimates for 1929-30.

29. I can now recapitulate the position in order to show the problem with which I have to deal in balancing the Budget next year. Comparing our position with that provided for in the budget estimates of 1929-30, I have to provide for the following items of deterioration:

Summary.

	Lakhs.
Deterioration in the main Commercial Departments, Railways and Posts and Telegraphs	99
Essential new services and demands	1,46
Net addition to interest on dead-weight debt	1,07
Special provision for bonus on Post Office cash certificates .	88
Increase in provision for reduction or avoidance of debt .	27
To these items must be added the budget deficit of 1929-30 .	90
This gives us a total of	5,57
Against which the net improvement on the main revenue heads is only	5
There is thus a total gap to be filled of	5,52

The problem before us is how to fill this gap.

30. In the first place, I must make clear the principles on which I have endeavoured to act this year in dealing with expenditure demands. I have set before myself two guiding rules. The first is that no new administrative expenditure shall be admitted which is not either essential or productive; the second, that whatever new expenditure is admitted on these grounds must be balanced by corresponding economies. There must, in fact, be no *net* increase in the normal outgoings of the Government. These rules have been followed in my proposals.

Restrictions on new expenditure.

Lakhs.

31. In stating my problems, I have shown that the essential additions for new services and demands amount to 1,46

Reductions effected.

and, according to my rule just stated, this must be balanced by corresponding economies. Actually, as a result of the elimination of certain previous non-recurring items and of other variations, there is an economy in the civil estimates, of 62

and, on top of this, I am providing for a reduction of military expenditure of 80

that is to say, the net military grant, apart from expenditure on the Territorial Force, will be reduced from 55 crores to 54·20.

These two reductions together account for 1,42 lakhs against the new expenditure of 1,46 and I have thus been able to comply, within a very narrow margin, with the rule which I had set myself.

32. This is, in broad outline, a true presentation of the picture, though I have, for the sake of brevity, omitted a mass of minor confusing details. I might present the same picture in another way so as to provide Honourable Members with a cross check on my statement. They will find, from an examination of the budget estimates, the following net changes in the main heads of normal outgoings:

Civil Administration	+60
Other Direct Demands on the Revenue	+3
Miscellaneous	+10
Civil Works (other than Road Fund)	—3
Or a total increase of	70
Against which may be put the reduction in Military expenditure of	80

Military expenditure.

33. I must, at this stage, say a few words on this last item which, I am sure, Honourable Members will view with considerable satisfaction. The actual arrangement which I have been able to make with the Army authorities on this subject requires special explanation. This House will recollect that, in the course of my budget speech last year, I explained that, in order to enable the Army to carry through their plan of re-equipment, a programme had been arranged, providing for a stabilised military budget (exclusive of the expenditure on the Territorial Force) at a net figure of 55 crores for the four years beginning 1928-29 and ending 1931-32. According to this programme, we should have before us two more years at 55 crores, with the prospect of a reduction at the end of that period when the programme of re-equipment is completed. In the budgetary proposals which I am now presenting, we are taking advantage immediately of part of the ultimate reduction. This is made possible because the Army authorities have been able to agree to spread the programme of re-equipment, which remains to be carried out, over a period of three years instead of two. This means that instead of getting 55 crores in each of the next two years, to be followed by a drop in the third year, they are to work on a basis of getting 54·20 crores for each of the next three years, after which a further substantial drop is anticipated.

34. The net result is that, although we are not departing from the original programme of re-equipment, we are distributing the burden in a way which is fairer to the tax-payer of today and we are actually realising now a substantial part of the economy which was ultimately hoped for. I trust that Honourable Members will be gratified by this definite sign that Army expenditure is really to be reduced.

35. I may now turn back to my main problem. The two items of savings to which I have referred amounted to 1,42 lakhs. This reduces the gap of 5,52 lakhs, which I have to find funds to fill, to 4,10 lakhs. This can only be done by finding new sources of revenue and it is to my plan for achieving this purpose that I must now turn.

Budget Proposals.

36. The sum required is substantial and the provision of funds to meet it has been, as Honourable Members will readily recognise, a matter for prolonged and anxious thought. I believe, however, that it can be found

by measures which not only will not impose an oppressive burden on any class, but will, in their indirect results, actually stimulate the country's economic development. The measures which I shall propose include changes—reductions as well as increases—in the customs duties affecting rice, cotton piece-goods, kerosene, sugar and silver, supplemented by a small change in the income-tax.

Reduction in export duty on rice.

37. I will start with a proposal for reduction of duty. I am proposing—and I feel sure that the House will welcome this proposal—a reduction in the export duty on rice by one-quarter, that is to say, from three annas a maund to two annas three pies a maund. There has been, as the House knows, a world-wide fall in the price of rice and the present time is therefore opportune for giving some help to the cultivator in Burma who has been a sufferer from this fall in prices. My proposal will remove the disparity, which at present exists, between our export duty on rice and that imposed by Siam, one of Burma's principal competitors in the trade. This proposal will cost us 30 lakhs; a larger sacrifice of revenue from this source could not, in present circumstances, be justified. Although Burma which is mainly interested, is far from us, I hope that this plan will commend itself to the House and be regarded both as an act of justice and a step in the right direction. It means, however, that the gap which I have to fill is increased to 4,40 lakhs.

Increase in import duty on cotton piece-goods.

38. I must now explain my proposals for raising the necessary new revenue, and I will make a start with the most difficult question which we have had to consider—the cotton duties. Here two motives come into play—first, the provision of revenue; second, assistance to the Indian cotton mill industry. Our line of action must take into account both these motives, and though I, as Finance Member, am not directly concerned with the second, which properly falls within the province of my Honourable Colleague, the Commerce Member, it has been decided by the Government of India that I should take this opportunity to announce the whole of the Government's proposals.

Difficulties involved in protective measures.

39. Action taken for the provision of revenue is a straight-forward matter, but the consideration of protective measures raises much more serious difficulties. Let me state, as briefly as I can, how these difficulties have appeared to us.

40. There is, of course, at the outset, the obvious problem of reconciling the interests of producer and consumer. Measures of protection must be so designed as to be effective for their purpose with the minimum interference as regards prices to the consumer.

41. But, apart from this, there are certain special difficulties in the present case. In the first place, the whole question of protection of the cotton industry was investigated by the Tariff Board a comparatively short time ago, but the case which has now been presented on behalf of the mill-owners claims a measure of protection greatly in excess of anything recommended by the Tariff Board. In these circumstances, a further enquiry might reasonably be considered desirable. But, as against this, we are told (and it is a fact which we cannot dispute) that the case is urgent, and that, if action is to be effective, it ought not to be delayed.

42. In the second place, the conditions affecting the industry are not identical throughout India. Bombay is at once the most important centre of the cotton mill industry, and the centre more seriously menaced by foreign competition. At other centres, the average profits of the mills are nowhere high in relation to the capital invested in them, but throughout the world the industry is passing through a period of depression, and low profits are not a valid ground for special assistance.

43. In the third place, as was pointed out by the Tariff Board, the increasing competition from the up-country mills is one of the most important factors contributing to the depression in Bombay. Therefore, whatever measure of assistance is accorded to the industry as a whole, it is likely to be ineffective in ensuring permanent recovery to Bombay, unless the industry there seizes the opportunity afforded by that assistance to reorganise itself and increase its efficiency.

44. Moreover, there is another aspect of this question in which the public and the Government are greatly interested. Bombay has been the scene, during the last two years, of a prolonged and exhausting struggle between capital and labour. Without pronouncing judgment on either side or anticipating the views which may be expressed by the Royal Commission on Labour which is now sitting, it is fair to say that there can be no permanent restoration of prosperity to the Bombay industry unless the relations between labour and capital can be improved and all the conditions affecting labour brought up to a higher standard. These two considerations have, in the present case, a special significance, for, Government are being asked to take emergency measures, not to protect an industry in the early stages of its development until it can find its feet, but rather to save an industry (or, more accurately, one important section of it) which is suffering from a special deterioration or atrophy.

45. Although the report of the Fiscal Commission admits that protective measures are justifiable in such circumstances, the Government feel that emergency action, not immediately preceded by a Tariff Board enquiry, ought to be taken only if it can be shown that inaction might inflict grave injury on the national welfare. They feel also that, if such emergency action is taken, a special responsibility far more serious than any that exists when the protection of an infant industry is in question, rests upon them, as trustees for the public, to take all possible steps to ensure that the assistance given will be utilised to the full. In such cases, it might sometimes be possible to make the adoption of protective measures conditional on effective reorganisation by the industry itself. But here the urgency of the situation creates a special difficulty. If action is to be effective, it must be immediate, and if the Government were to insist on certain steps being taken as a condition precedent to any measures of assistance to the industry, these measures might come too late. Nevertheless, this aspect of the matter cannot be ignored and I shall refer to it again.

46. I think that, in these remarks, I have sketched, in broad outline, the main framework of the problem which concerns us.

Conclusions reached.

47. The conclusions which we reached fall under two heads; first, that, in view of the revenue position, a general increase in the revenue duty from 11 per cent. to 15 per cent. was justified, secondly, that while this increase in revenue duty must have an important protective effect, it might be justifiable to supplement it by some special protective measures, provided that, having

regard to the special circumstances to which I have called attention, such measures were limited in duration, and also limited to purposes necessary to meet the immediate needs of Bombay. In fact, it would not be justifiable at this juncture, as regards protective measures, to attempt more than to erect a temporary shelter under which the Bombay industry can reorganise itself, and after a reasonable period, for this purpose, it will be necessary to have a Tariff Board enquiry to consider future policy, and, in particular, how the Bombay industry has reacted to the assistance given.

48. I refer again later to the precise significance of this purpose, but, at this stage in my account, I must turn to one aspect of the matter on which I have not yet touched. It is, of course, too well known to need remark that, in all public comments on policy as regards cotton duties, the possible reactions on British interests are always prominently mentioned, and that we as a Government are often suspected of undue solicitude on this account. Having regard to the long and troubled history of the cotton duties in India, and to the public interest in the matter, it has been our desire to put before this House as full and frank a statement as possible. Let me make it clear at the outset that the fiscal autonomy convention is a reality, and that decisions on matters of this kind are left to the Government of India, and it is on this basis that our deliberations have proceeded throughout. But, in the final stages, there has been addressed to us a communication, not by the Secretary of State, but by His Majesty's Government, to reconsider the position.

Message by His Majesty's Government.

49. In this message, His Majesty's Government asked us to take into account both the reactions of our proposals in India and their serious effects in England, effects which they felt sure that neither we nor the Legislature would desire to create. To this we replied that, though we were deeply impressed by a message of this nature, we nevertheless felt bound to adhere to our main proposals. We pointed out the following considerations: first, that we needed revenue; secondly, that customs is our chief source of revenue; thirdly, the duty on cotton piece-goods now stood below the level of the general revenue tariff; fourthly, Indian industry was suffering from a deep depression and the Bombay mills were approaching a desperate position which might affect the whole future of this important centre of Indian commerce and finance. We recognised and deplored the possibility of serious effects in England, but we stated we felt clearly bound to put India's interests first. At the same time, we realised how important it was to India, from the political point of view, to take account of British opinion, and that, quite apart from this, we were of course concerned at this time to avoid unnecessary injury to British interests. We stated that, after careful consideration, we had decided that we could not modify the general application of the 15 per cent. revenue duty, but that we should be prepared to propose to the Assembly that, as regards any additional and temporary protective measures, their application might be limited to non-British goods, and that, in these circumstances, there should be imposed, in addition to the 15 per cent. revenue duty, a 5 per cent. protective duty with a minimum of 3½ annas per lb. on plain grey goods, against all cotton piece-goods from outside the United Kingdom, this protective duty to be in force for three years only, and an undertaking to be given that we should have its effects examined by the Tariff Board before the end of this period.

Temporary protective measures.

Significant precedent.

50. We explained that, in placing this proposal before the Assembly we should point out that, so far as we are aware, this is the first occasion on which the considered opinion of the Cabinet has been conveyed in this form to the Government of India and that we were impressed by the significance of the precedents so established.

Decision to rest with Assembly.

51. We informed His Majesty's Government that it would not be right for us to ask the Assembly to commit themselves to Imperial Preference as a principle, but merely to adopt a particular course which, in our judgment, was consistent with India's interests at a critical juncture when much might depend on India's response to the British Government's appeal. We also stated that we should have to make it plain to the Assembly that, while there were grounds for treating plain grey goods specially, we could not, in any circumstances, agree, for the emergency purpose which we had in view, to an additional protective duty of 5 per cent. on all classes of piece-goods irrespective of country of origin, since the immediate benefit to the Indian producer would be wholly incommensurate with the burden imposed on the Indian consumer. Finally, we made it clear that, in a matter of this kind, after frankly stating our conclusions, we should desire to put our carefully considered views before the Legislative Assembly with whom the final decision must rest.

52. That is how the matter stands, and it is on this basis that our proposals are now put forward. I have thought it right, frankly to put the position before Honourable Members in this way. Indeed, whatever our proposals had been, we could have consented to no other course, for we feel that it is essential, at this transitional stage of the constitution, that there should be full confidence, wherever possible, between the Government and the Legislature. There are certain points with reference to what has passed between ourselves and the British Government, and to the attitude which we adopted, on which I desire to give a further explanation.

Fiscal autonomy convention.

53. We felt, in fact, that this method of approach from the British Government had a special significance. It affords striking evidence that the fiscal autonomy convention has become an integral part of the constitution, and that, even when British interests are most profoundly affected by tariff changes in India, the intervention of the British Government is restricted to representation and appeal. Complete freedom was accorded to the Government of India to take the final decision in whatever manner they thought right for India. It appeared to us that, subject to our paramount duty of considering Indian interests first, no Government of India could ignore such an appeal, for, to any statesmanlike view, it must be clear that India must be vitally interested in maintaining a spirit of co-operation with Great Britain. We felt, moreover, on every ground, that no member of any Government of India, be he British or Indian, would desire to introduce measures likely to inflict serious injury on British interests unless such measures were necessary for India's own development.

54. It is, of course, obvious that these proposals will evoke very considerable comment and will be subjected to the closest and most critical scrutiny. This we shall welcome, but I would, at the same time, appeal

to all Honourable Members to exercise this scrutiny in a calm and judicial spirit before they pronounce any final judgment. It is for them to consider whether they can accept what I have indicated as the guiding principles underlying our proposals, and whether these proposals do, in fact, meet India's immediate needs, while being, at the same time, calculated to further her interests in the widest sense. It will not suffice to keep in view only those factors which, in ordinary times, might be held decisive, for the times are not ordinary. Within a few months, the representatives of India will meet the representatives of Great Britain to discuss, in the fullest and frankest way, the future of this great country, and much must depend on the spirit in which they meet. I would ask Honourable Members to give full thought to the grave importance of these wider considerations. It is obvious that any gesture of friendship which India can spontaneously and without compulsion make to the British Government in their own present grave industrial troubles, is bound to strike a responsive note. For our part, our conviction is that, if our proposals are examined without prejudice, they will be found to be better adapted to India's needs than any other scheme we could put forward, and I must explain shortly our reasons for thinking so.

Wider considerations.

55. In the first place, what we are aiming at in our present measures, is not to settle the policy as regards protection of the cotton industry for the distant future. We are concerned only with providing a temporary shelter under which the industry, especially in Bombay, may firmly establish its position in respect of the business for which it is already equipped. Our measures are energency measures designed to take immediate effect, to give immediate relief, and an immediate stimulus, so that the Bombay industry may reorganise itself and start again with restored health and a new lease of life on its normal course of development.

56. There is therefore no relevancy for our present purpose in contentions that, taking a long view, the Bombay industry requires to organise itself for the manufacture of the finer goods, and that our present proposals will not help in this direction. Whether such a view is right or not, it could not be translated into the immediate effect which is so necessary. It must, in fact, take many years before the local industry could organise itself to undertake the manufacture of the finer qualities of goods. Incidentally, I may point out that the raising of the import duty from 11 per cent. to 15 per cent. will give very considerable help in this direction; but that is outside the purpose of the emergency measures.

57. Looked at from this point of view, it has appeared to us that our proposals do exactly meet the needs of the case. The imposition, in addition to the increase in the normal duty, of a special additional protective duty against non-British goods, of a 5 per cent. all-round surcharge, combined with the minimum of 3½ annas per lb. on plain grey goods, must operate effectively in just that portion of the field where competition is most severely felt. A study of the statistics makes it abundantly clear that it is not competition from British goods which is now being severely felt, nor has Bombay lost any business recently as a result of such competition.

58. In the second place, I must, on behalf of the Government of India, make it clear that we could not feel justified in imposing for revenue purposes a higher duty than 15 per cent. and that, so far as the protective

measures are concerned, it is only if their scope is limited, in the way that we propose, that we could agree to carry them so far. As I pointed out at the outset, we cannot disregard the interests of the consumer and it is contrary to all sound principles to impose a protective duty, putting a heavy burden on the consumer, if the benefit to the producer must be small or negligible. For the period covered by the purpose of our emergency measures, the production in India of those classes of goods which form the great bulk of the imports from the United Kingdom, must be very small, and, therefore, an additional 5 per cent. duty on these goods would put a burden on the consumer without a corresponding benefit to the industry which we have in view. On the other hand, on those classes of goods to which the protective duties will apply, internal competition will increasingly tend to restrict any effect on the interests of the consumer. On these grounds, we hold that our proposals combine the maximum benefit to the industry with the minimum burden on the consumer.

Interests of consumer.

59. I need not elaborate the further arguments which have been dealt with in our telegram, but I must, before leaving this part of the subject, emphasise again one vital point which we have made. We do not, and in fact, we could not, ask this Assembly to commit themselves, at this stage, to accepting the principle of Imperial Preference. We ask them to regard this proposal merely as a special measure designed to meet the immediate emergency. It is, acting in this spirit, that we propose that the special protective duties shall be imposed for a period of three years only, and that, at a convenient date before the termination of this period, their effect, and the whole position of the industry, shall be re-examined in a Tariff Board enquiry.

Re-examination by Tariff Board.

60. Lest it may be argued that such an enquiry should have preceded our proposals, I must explain that we gave our careful consideration to this point and decided that, quite apart from the urgency of the need for action, a further investigation by the Tariff Board at the present juncture was not advisable. It is the special duty of the Board to investigate facts and arrive at findings thereon. But owing to the labour disputes of 1928 and 1929, it is more than doubtful whether any material for investigation, beyond that available to the Tariff Board of 1926, exists. Again, conditions in the Bombay mill industry have, since 1926, been examined by the Tariff Board, the Fawcett Committee, and the Pearson Court of Enquiry, while trade conditions have recently been investigated by Mr. Hardy. In these circumstances, we felt that the proper time for a further enquiry by the Tariff Board will come when some progress in reorganisation and rationalisation has been made by the industry in Bombay, and the prospects of ultimate success or failure of the industry can be assessed.

61. There is one more point left for me to deal with in conclusion. I have already referred to the special duty which the Government feel to be imposed upon them in this case to satisfy themselves that effective use will be made of the assistance given, and that attention should be directed particularly to the improvement of labour conditions. We recognise that the ultimate failure or success of the mill industry in Bombay

Use of assistance by mill-owners.

must depend entirely upon the extent to which the millowners utilise the present opportunity in order to improve their efficiency and labour conditions, and that, if full use is not made of this opportunity, the position of the industry may be no better at the expiry of the period of three years than it is to-day. We have already addressed the Bombay Millowners' Association on this subject and have impressed upon them the urgent necessity of working out schemes which may re-establish the industry on a firm basis. Although it has not been possible for us to lay down the lines on which the reorganisation should proceed, or to prescribe the particular measures which should be taken, we propose, now that our policy has been declared, to enter immediately into consultation with the Government of Bombay on this subject, which is their primary concern. It appears to us right that some method should be devised whereby the force of public opinion may be brought to bear effectively upon the situation. At the same time, it is our desire to give the Association all the assistance in our power in order to ensure that the examination of the various problems may be thorough and adequate, and that it may be carried out with the aid of the best expert advice available whether in India or in other countries. Apart from technical assistance, it seems clear that some drastic financial reorganisation and some rationalisation of the methods of manufacture is necessary if the Bombay industry is to be put on a permanent foundation of prosperity. On this subject I cannot at present say more than this—that we are prepared to examine what is required in this direction and to consider whether any form of Government intervention is possible or appropriate. This aspect of the problem is one of great difficulty and I do not propose to lengthen my speech by enlarging further upon it at this stage.

Hand-loom industry.

62. I would add, in conclusion, that, although I have spoken chiefly of Bombay, we have also the other industry of India in view and we particularly hope that the measures which we propose will be of real benefit to the hand-loom industry throughout the country-side.

Increase in revenue.

63. We estimate that the net increase in revenue from our proposals, allowing in full for the protective effect, will be 1,25 lakhs. The proposal to increase the revenue duty will be included in the Finance Bill, while a special Bill will be introduced by my Honourable Colleague, the Commerce Member, containing the protective proposals.

Increase in excise and reduction in import duty on kerosene.

64. My next proposal is to increase the excise duty on kerosene from 1 anna to 1 anna 6 pies per gallon, coupled with a reduction in the import duty from 2½ annas to 2 annas 3 pies. This combined proposal is expected to give us an extra 35 lakhs. At present, there is a difference of 1½ annas per gallon between the excise duty and the import duty on kerosene and the effect of the proposal now made will be to reduce that difference by one-half. In framing our proposals regarding kerosene in this form, we have kept two objects in mind: first and principally, we have desired, simultaneously with getting more revenue, to make a change which should, at the least, ensure that the price of ordinary kerosene to the consumer is not increased, while secondly, we have felt that prudence and justice demanded that we should not make too sudden and drastic a change in the conditions of the indigenous

industry, having regard particularly to the position of the smaller companies. Moreover, too drastic a change might hamper further development. In reducing the margin by one-half we have thought that we have gone as far as it would be wise to go, at least as a first step. It means that the marginal duty in favour of the indigenous industry will be reduced from about 18¾ per cent. to 9⅜ per cent.

Increase in import duty on sugar.

65. The next proposal which I have to mention is an all-round increase, in the import duty on sugar, of Rs. 1½ per cwt. I am not proposing any change in the existing classification, so that the effect of the proposal will be that sugar of 23 Dutch Standard and above, which at present pays duty at the rate of Rs. 4½ per cwt., will pay duty at Rs. 6 per cwt.; sugar below 23 Dutch Standard but not inferior to 8 Dutch Standard will pay at Rs. 5½ per cwt., instead of at Rs. 4, and sugar below 8 Dutch Standard and sugar candy, which at present pay at 25 per cent. *ad valorem*, will be subject to a composite duty of 25 per cent. *ad valorem plus* Rs. 1½ per cent. The duty on these lower grade sugars has, it is true, little significance for the revenue, since imports are at present very small, but it is desirable to keep a due correspondence between the different grades in order to prevent the substitution of lower for higher grade sugars. Molasses, which is dutiable at 25 per cent. *ad valorem*, will remain subject to duty at that rate and will be treated separately from sugar, since its use is mainly as a raw material for industries and, in fact, a Tariff Board enquiry as regards its treatment as a raw material used in the manufacture of denatured spirit, is already in progress.

66. The increased duty on sugar should yield 1,80 lakhs; but, in estimating its effect upon the consumer it is necessary to bear in mind that the world price of sugar is exceptionally low. The average landed cost of sugar in India from April to December last was no more than Rs. 8·6 per cwt., whereas the average for the previous six years has been Rs. 12·25 per cwt., a difference of about Rs. 3½ as compared with the proposed increase of Rs. 1½. Thus, even the comparatively large increase now proposed should not at present be seriously felt by the consumer. Ultimately it may,—and probably must,—have some protective significance; but, for the present, it must be regarded primarily as a revenue-producing measure. I would, however, remind Honourable Members that an increase in the production of sugar is one of the most valuable opportunities available for improving India's agricultural production, and that, with this possibility in view, we are proposing a special grant this year of 10 lakhs (to be continued, if necessary, in subsequent years) for the encouragement of sugar research and sugar production. These two proposals must be considered together, and their possible reactions fully appreciated. It may interest the House to know that duties on sugar, at about the level which we now propose, are in force in most European countries. What we are now proposing amounts to a duty of 9*s.* per cwt. The present import duty on sugar elsewhere is as follows:

	s.	*d.*
England	11	8
U. S. A.	10	3
Germany	12	7
France	8	6
Austria	12	0
Australia	9	4

67. I next propose to obtain an additional 70 lakhs by a small change in the rates of income-tax and super-tax. I hope that the House will agree that, when we are seeking new sources of revenue, it should not all be raised by indirect taxation, but that some direct taxation is justified so that the burden may be equitably spread. At the same time, I recognise that this is not a suitable period for imposing any heavy additional burdens which would be felt in industry or commercial enterprise. Our proposal, therefore, is that, on personal incomes of Rs. 15,000 and upward, the income-tax rates shall be raised by 1 pie in the rupee, and a corresponding increase shall be made in the super-tax in all grades, other than the flat rate of super-tax on companies. The additional yield from income-tax is estimated at 56 lakhs and that from super-tax at 14 lakhs. It has been brought to my notice that, owing to certain features of our income-tax system—particularly the deduction of tax at source, an alteration in the rates might, in certain cases, be taken into account twice in the first year when a change in rates is made. I shall see that the necessary steps are taken to avoid this result.

Increase in income-tax and super-tax.

68. In referring to income-tax, I wish to mention some other changes which I hope shortly to bring under consideration. If the normal economic progress of India is maintained during the next twelve months, it ought to be possible for us to enter on next year in a stronger financial position. I hope then to be able to make a start in introducing the principle of allowing business losses incurred in any one year to be carried forward to the next year. I also hope to be able to remove the present double super-tax on companies, so far as that affects genuine trust and finance companies. Both these changes ought to be beneficial to the progress of business enterprise, and it will be my settled purpose so to regulate taxation as to remove, when opportunity offers, any imposts which may be said to have a hampering effect on such enterprise.

69. The total yield of the taxes which I have now mentioned amounts to 4,10 lakhs, so that I am still left with 30 lakhs to find. I consider, however, in the special circumstances now prevailing, that it is on every ground desirable to have some margin of safety, taking into account the uncertain prospects which we have before us, and taking into account also the paramount importance, to which I have already referred, of improving our credit by displaying a strong financial position to the world.

70. It is with this and other objects in mind that I propose to re-introduce the import duty of 4 annas per ounce on silver. I have, however, purposely kept this proposal till the end, for, in putting it before the House, I want to make quite clear certain conditions which will, I think, generally commend themselves to the public.

Import duty on silver.

71. An import duty on silver is a familiar feature in the history of Indian fiscal policy. Prior to 1910, silver bullion and coin other than coin of the Government of India, were included in the general tariff schedule of articles liable to an import duty of 5 per cent. *ad valorem*, and in that year, the rate was raised to 4 annas per ounce. During the war, the import of silver was prohibited, and after the war, in pursuance of the recommendation of the Babington-Smith Committee, the duty was removed at the same time as the prohibition of import. The Committee advocated the removal of duty mainly on account of the strong feeling in India that it was an obstacle to the establishment of a world market for

silver in Bombay and placed the Indian consumer of silver at a disadvantage in comparison with the consumer in other countries. I have given full weight to these objections, but circumstances are different today. It is proposed to meet the former objection by allowing a full rebate of the duty on re-export of any silver which has been imported and has paid duty. As to the latter objection, we feel now that there is a strong counterbalancing advantage in taking a step which will have the immediate effect of improving the internal price of a commodity in which the savings of the masses are to a considerable extent invested. The recent fall in the price of silver has, in fact, put an entirely new aspect on the matter.

72. Apart from this, there is another important new factor in the situation, in that the Government, owing to their possession of surplus stocks of silver and the erection of the new refinery at Bombay, have got into the position of being themselves important "producers" of silver. Our proposal, therefore, has the new incidental advantage of providing Government with a protected market for their own produce. Having said as much as this, however, I must say more in order to avoid the creation of any misunderstanding. I feel that it is important that the masses of India, who invest so large an amount of money in silver should realise that silver is only an ordinary commodity, liable to fluctuations in price, just as other commodities are. It has no sacred properties which make it immune from these vicissitudes, and although the Government, in taking these measures, have in mind, as one of the main advantages, an improvement in the internal value of silver, we should, in the long run, be doing a very poor service to the population of India if we allowed it to be supposed that the Government have the power definitely to maintain prices at a particular level. It is far better that the people should generally appreciate the realities of the situation in this respect. At the same time, the Government do recognise the importance of the interests involved owing to the position of silver in India, as, in some respects, a store of value and while they must, as holders of a surplus commodity which they desire to sell, reserve freedom of action, I am prepared to assure this Assembly that, in exercising that discretion, the Government will not go to the market unless they are advised that as in the past, the market will not be appreciably affected by their operations.

Sales of silver.

73. If there is any danger of the world's production of silver exceeding the consuming capacity of all markets, then, of course, there must be a tendency to falling prices. Only the combined action of producers and holders can prevent this. The Government of India, holding as they do surplus stocks, which, in the public interest they consider that they ought to realise, cannot fairly be asked to do more than other producers; but I am prepared, on behalf of the Government of India as important holders or producers, to say that, if the other interests concerned show any desire to consider the possibility of joint action for the regulating of sales in order to meet the world's demand, the Government of India would willingly co-operate. Further than this we cannot in the public interest go, but what I have said amounts to a carefully considered and important proposal, and it is for the other producing interests to consider if they will make any response. In the meanwhile, I think I may say with confidence that, at the present level of prices, the imposition of the duty which we propose is not likely to have any serious effect on the consumption of silver in India.

74. While our reasons for imposing the duty are, as I have explained, of a special nature, I am also prepared to say that special circumstances will govern our intentions as to the disposal of the revenue produced. We must, as I made clear, regard the proceeds primarily, at the present stage, as a reinforcement of the general financial position of the Government; but, if our estimates as regards the other heads of revenue are realised, and there is a surplus resulting from the imposition of the silver duty, then I am prepared to say that we have a very special purpose in mind for the application of that surplus. We regard this duty, principally in fact, as a measure which will give us a margin of revenue from which we shall be able to make a distribution to provinces after the forth-coming statutory revision to give them the funds which they require for nation-building services. Though it will not be for the Central Government to dictate to the provinces how such contributions should be applied, there will be an opportunity for discussing this matter when the whole distribution of the sources of revenue is considered, and I think I can say with confidence that additional funds are chiefly required by the provinces for such purposes as economic and agricultural development and primary education. If, pending the further allocation of revenue to the provinces which I have in view, any surplus is actually realised, then, of course, any proposal for its expenditure will be submitted to this Assembly.

Application of surplus, if any, from silver duty.

75. It is on these grounds that I have stated that our proposals in regard to the silver duty must be regarded in a very special light. We propose to include, in our budget figures, a revenue of 1 crore, as a conservative estimate.

76. On this assumption, our budget estimates provide for a surplus of 70 lakhs of revenue over expenditure. As the budget proposals other than those relating to income-tax and super-tax will have effect forthwith, the current year's revenues will also benefit to the extent of 35 lakhs, which amount accordingly appears as a revenue surplus in the revised estimates.

Final result.

Review of Budget Proposals.

77. It is of course obvious to me that these proposals will be subjected to the most searching scrutiny, and the question which will be asked on all sides is whether there is any justification for imposing so heavy an additional burden of taxation.

Justification for new taxation.

78. Before this question is put, I would ask Honourable Members to pause and consider carefully what item of taxation in my proposals does not offer at least some indirect advantages. I venture to say that, with perhaps the sole exception of the income-tax proposals, such advantages will be found. But that is not by itself a sufficient answer, and it is necessary to examine the position further, and attempt to frame some interpretation of the symptoms of the present financial conditions. For, if the short-fall of revenue is merely the result of temporary combination of abnormal circumstances, then one must hesitate to impose the full corresponding burden of permanent taxation,

Is present condition permanent?

and it might be justifiable to adopt temporary expedients. If, on the other hand, there is a permanent and unavoidable shortage of revenue, then the position must be tackled boldly in order to establish, before it is too late, a sound foundation.

79. In order to judge whether the present condition is permanent or not, there are two main aspects to be examined, that is to say, one must ask, on the one hand, whether the expenditure required this year is abnormally high and capable, either now or in future years, of reduction, and, on the other hand, whether the revenue anticipated is below the normal expectation owing to special circumstances which are unlikely to be repeated.

Growth of expenditure.

80. As to expenditure, I have already drawn the distinction between actual administrative outgoings on the one hand, and, on the other, such items as interest on debt and those provisions which do not represent actual outgoings in cash, but which are required, on principles of sound finance, as reserves against established or accruing liabilities. I will deal first with administrative expenditure. In regard to this I have, during the past year, in accordance with an undertaking which I gave to the Assembly in my last budget speech, conducted in the Finance Department a close scrutiny and survey of the growth of expenditure during the past five years. Reports have been prepared for each Department and these have been circulated to members of the Standing Finance Committee. A good deal remains to be done in the way of completing the details of this Enquiry, but I have gone far enough to come to the conclusion that, for various reasons,

Provisional conclusion.

we cannot count on being able to find any *substantial* margin for reduction in the cost of the civil administration of the Central Government. In fact, with all the new services and heads which are being pressed for consideration, it is only by the exercise of the most rigid control that we shall be able to keep the growth of expenditure within bounds. The possibility, therefore, of cutting down administrative expenditure, does not, in my opinion, afford any substantial ground for postponing the imposition of taxation to meet the present deficit. But by accepting this conclusion, I do not imply that the search for possibilities of reducing our present scale of expenditure must be abandoned. It has, in fact, been decided by Government—and the proposal has recently been reported by me to the Standing Finance Committee—to appoint an officer on special duty to continue the examination in further detail. It is, in my opinion,

Further investigation.

necessary to carry out a very close detailed investigation of the causes which have led in the past, and are still leading, to a steady increase in expenditure. Those Members of this Assembly who have sat with me on the Standing Finance Committee are fully aware of the difficulties in this matter. Applications are made in a particular case for improvement of conditions of pay in particular offices. A good case is made out and the improvement, involving perhaps by itself only a moderate increase in expenditure, is approved. But one move leads to another and it is inevitably found that other sections of Government staff, claiming to be working in similar conditions, again press that a similar improvement shall be accorded to them. These claims are difficult to resist, and, moreover, it must be remembered that the control does not lie entirely in the hands of the Central Government. It often happens that a particular claim is pressed in order to afford to members of some branch

of a Central Government Department, conditions equally favourable with those prevailing for men in the service of the Provincial Governments working under similar conditions and in the same place. But the time has come for a comprehensive review of the whole situation, so that we may ascertain what claims on these grounds are likely to be pressed in future and that we may, if possible, fix, in consultation with the Local Governments, certain uniform principles from which there can be no departure. Apart from such special cases, the Government have become committed in the past years, to time-scale systems of pay, the full effects of which were not perhaps appreciated at the time when they were granted. These put upon us definite and unavoidable commitments, and I have already indicated that the normal rate of increase under this heading amounts to something like 25 lakhs per annum.

81. It is important that we should know where we stand in this matter and also when it is likely that the peak of this increase will be reached and what the figure of Government expenditure at that point will be. It is this kind of question which justifies the special appointment to which I have referred, for, the time is coming when, as part of the constitutional reforms which we shall have to consider, it will be necessary to re-arrange the distribution of heads of revenue between the Central Government and the Provincial Governments. When that time comes, it is essential that we should be able to assess, with some accuracy, what our own future commitments are likely to be.

Possibilities of retrenchment.

82. These remarks cover one kind of growth in expenditure. But I shall be asked whether, even admitting that this kind of growth is inevitable, it is not possible to make large cuts in the number of appointments and in the amount of the personnel employed. This, indeed, is a subject which will come within the purview of the special examination which we propose. But I should be deceiving this Assembly if I were to hold out any expectation of large economies in this direction. I doubt whether it is adequately realised to what an extent the gradual development of the present form of constitution is placing increased work on the shoulders of the officials of the Central Government, and I do not think it is an exaggeration to say that there is not a single Department of the Government of India in which those occupying the higher appointments are not at present overworked. Indeed, I think it far more likely that, as representative institutions grow and sessions of the Legislative Assembly become longer, it will be necessary to divide up some of the existing Departments and create new appointments for their representation in this Assembly.

83. I may, however, again be asked whether there is not a possibility of a different form of economy in the shape of elimination of certain services. At the time of the last big retrenchment movement, certain accessory services were largely cut down, particularly Scientific Departments and such minor departments as the Statistical Branch. My reply to such a question would again be that, unfortunately, it is only too likely that the move will be in the other direction. We are, in fact, at present faced with the need for meeting the demands of a large number of new services. Honourable Members are only too familiar with some of these. The development of agricultural research, for example, is an entirely new demand, as also is that of civil aviation. The former is one which may be fruitful of great benefit to the country; the latter is necessary unless

India is to lose her place among the civilised nations of the world. Moreover, it brings in its train other needs such as the development of meteorology and wireless organisation. Again, if we look back on the cuts that were made during the last retrenchment campaign, I think it will be generally admitted, as proved by experience, that, in some respects at least, the economy has not been worth the sacrifice. In advancing this opinion, I have particularly in mind the Statistical Branch; and there, as some Honourable Members know, we have, in response to a far-seeing demand which has been pressed by various influential Members of this House, started on a course which will, I hope, provide those statistics for the gauging of the country's economic conditions which it so badly needs. Public opinion generally seems to be awakening to the desire that the Government of India should adopt a far more active and constructive economic policy than it has followed in the past, and that, in many matters, the Central Government should take upon themselves the responsibility of giving a lead and assistance to the Provincial Governments. This is a desire with which I most heartily sympathise, and it would, in my opinion, be false economy to resist it.

84. Lastly, I would impress on Honourable Members one consideration which has been brought before me very vividly in the course of my work in the Finance Department. The Central Government are directly responsible for the administration of certain areas, and I am afraid that one cannot resist the conclusion that the standard of services provided for in those areas, has, in many respects, been allowed to fall behind that prevailing in the neighbouring areas under Provincial Administrations. This is not a state of affairs which the Central Government can view with equanimity, and I feel convinced that there are considerable arrears to be made up in this direction.

85. For all these reasons, I have myself regretfully come to the conclusion, which I have already stated, namely, that, however energetically and ruthlessly the search for economies is carried out,—and I shall myself welcome any measures for the conduct of such a search,—there is not room for any *substantial* reduction in the civil expenditure of the Central Government.

Debt Services.

86. If I turn now to those other kinds of expenditure to which I have referred, namely, those measures for the support of sound financial principles and the provision of adequate reserves against our obligations, I could not honestly put before this Assembly proposals less adequate than those which I have framed. It is, in my view, of vital importance that, at this stage in India's constitutional development, when we stand at the threshold of a new constitutional advance, nothing should be done which would suggest to the outside world that India's credit will be less carefully preserved in the future than in the past. India must be above suspicion in this respect, and in the end, I am convinced that this will prove sound economy and, by improving the country's credit, help materially to reduce the burden of interest which it will have to pay.

Revenue position.

87. If I turn now to the revenue side of the picture,—the second of the two aspects which need examination,—it may be said that the estimates which I have presented, do imply, first, the expectation of a set-back in the tax revenue,

or, rather a halt in the normal rate of its growth as evidenced in the results of the last seven years, and, secondly, a very decided worsening in the position of the Commercial Departments of the Railways and Posts and Telegraphs. I am prepared to admit that it is quite arguable that, on the revenue side, the picture which I am presenting, is abnormal and likely to be improved in future years. But, for many reasons, I feel sure that it will be unwise to allow such an argument to prevent the introduction of new taxes sufficient to meet the situation as I have to present it today.

Necessity for fresh taxation.

88. I have many reasons for this conclusion, some of which I may state shortly as follows. In the first place, some of our present sources of revenue are likely to disappear, and, in the case of others, reductions may become desirable. The following special cases may be quoted: As regards opium, we are already committed to the disappearance of this revenue after 1935, and it is essential to find new sources of revenue to replace it. As regards the export duty on rice, I have already indicated in my proposals for this year that this, at its present level, may be a burden on the proper economic life of the country and further reductions may become desirable. It is possible that economic conditions may alter the justification for other forms of export duties as, for example, on jute; while, as regards income-tax, if again we put first the need for removing burdens which hamper the economic development of the country, I should myself welcome the opportunity of being able to introduce certain changes, as, for example, the introduction of provisions for allowing trading losses to be carried forward beyond the year in which they have occurred and the abolition of double super-tax on holding companies. Again, new needs for expenditure are constantly likely to press upon us and I have already referred to some of the new services which are now being developed.

Larger margin necessary.

89. Yet another consideration is this. We have, in my opinion, been working, in the past three years, with a dangerously low margin. In a country like India, subject to great risks of loss of revenue from failure of rains or from floods, it is desirable to have some margin of revenue over expenditure from which a reserve can be built up in reasonably good years. Memories are short, and although the last two monsoons have, in places, been unfavourable, it is many years since India has suffered from a real failure of the monsoon.

Needs of the provinces.

90. The last consideration to which I have to call attention, is one which bears most weight in my own mind. We have got to prepare for the probability—indeed, I think I may say, the certainty—that the next stage in constitutional development will need provision of more money for the provinces and that, in some form or other, the Central Government must be prepared to relinquish part of its own sources of revenue. After all, it is in the hands of the Provincial Governments that the real nation-building services lie, and the two great needs for India are agricultural development and, as a necessary condition of its success, the increase of a really effective form of primary education. Of all the tasks, the responsibility for which my present office lays upon me, that which I take most seriously is the duty of finding revenue in order that those provinces, which are at present handicapped by financial difficulties, may make a great start forward in developing the services which the country really needs. I believe that,

in the new taxes which I have proposed, I have opened the way, if things go well, without putting any burden on the economic life of the country or subjecting to hardship any particular class, to create a margin which will enable us, as soon as the constitutional reforms are settled, to give a fair measure of assistance to the Provincial Governments in the next chapter of their history.

WAYS AND MEANS.

91. I will now turn to a review of the ways and means position for the current year and the next, a summary of which is given below in the usual form:—

Summary.

(In crores of rupees.)

	Revised, 1929-30.	Budget, 1930-31.
Liabilities.		
Railway capital outlay (construction)	24·15	16·75
Purchase of Railways	7·06	..
Other capital outlay	1·93	3·97
Provincial transactions	9·47	7·93
Discharge of permanent debt (net)	25·36	18·84
Contraction against treasury bills	6·86	..
Contraction against silver	2·94	..
Other transactions	3·96	1·86
Total	81·73	49·35
Resources.		
Revenue surplus	·35	·70
Rupee loan (net)	35·47	23·50
Sterling loan (net)	7·92	..
Treasury bills with public	20·00	—4·00
India Bills	8·00	..
Post Office cash certificates and savings bank	5·94	6·20
Other unfunded debt	8·10	3·16
Appropriation for reduction, etc., of debt	5·85	5·90
Depreciation and Reserve Funds	·99	5·27
Reduction of cash balances	—10·89	8·62
Total	81·73	49·35

92. The gross proceeds of the rupee loan in the current year amounted to about 35½ crores of which 22¼ crores represented conversion of bonds maturing from 1930 to 1932. This substantial reduction in the amount of the loans maturing in the near future has considerably improved the position for next three years, but the actual cash received in subscription to the loan was 13¼ crores only, *i.e.*, 4¾ crores less than the total new loan provided for in the budget. As I anticipated at this time last year, it was necessary to resort to external borrowing on a considerable scale. Sterling bills for £6 millions in each case were issued in London in May and December. The former issue matured in February and in order to place ourselves in funds to meet them, short-term bonds for £6 millions were issued early in

Current year.

Sterling borrowings.

February. The total net amount of funds raised during the year in England has thus amounted to about £12 millions. I must deal briefly with the conditions in which the issue of the short-term bonds was undertaken and the reasons underlying Government's action. Honourable Members will have been fully aware from the general review of the Government's policy as regards capital expenditure and borrowing which I gave in my budget speech last year, that I had arrived at the conclusion that external borrowing would be necessary. I then explained how and why, in future, it would be necessary that the rate of capital expenditure should be more nearly balanced than had been the case in the past five years by the increase of our capital resources in the form of fixed loans. It was therefore desirable, in any case, to raise a sterling loan as early as possible after the summer. Conditions, however, were then very unfavourable owing to the position in New York and the existence of a bank rate of 6½ per cent. in London and we thought that we should gain by waiting for cheaper money rates. When the New York boom collapsed, the anticipated easing of money commenced, but, by that time, political anxieties had begun to dominate the position in the London market for Indian securities. I need not give a long account of these events which must be still fresh in the minds of all Honourable Members. I need only say that the nervousness of London investors was intensified by the attitude adopted at the Congress meeting at Lahore in December. Therefore, while our anticipations that money conditions would become more favourable were realised the adverse effects of political reactions counterbalanced the advantage obtained. The facts, however, had to be faced, and as during the year Government had to meet the greater portion of the £5¼ millions for the purchase of the Southern Punjab Railway and about £7½ millions for other railway capital expenditure, we felt that, in spite of the unfavourable conditions, we should not be justified in financing this capital expenditure entirely by temporary borrowing in the form of India bills. We considered, indeed, that some more permanent borrowing was, according to sound financial principles, essential.

93. In saying this, I wish to emphasise that our power to issue bills in the London market is in the nature of a reserve which ought to be kept available to meet temporary shortages of sterling resources. Prudent finance demands that this reserve power should be utilised as little as possible for financing permanent capital expenditure. By the issue of two-year bonds with the option of extension for a third year, we have obtained accommodation for a period sufficient to allow for the passing of the present political uncertainty and have, at the same time, avoided the burden to the Indian taxpayer, of floating a long-term loan in particularly unfavourable conditions; conditions which, I hope, will prove to be of a temporary nature. In the meanwhile, I am glad to say that the success of this operation, even though the terms were onerous, had a very good effect on our credit in London.

94. The combined amount of the above borrowings corresponds roughly with the budget forecast, but owing to events which it was impossible to foresee, it was necessary to supplement our resources by large issues of treasury bills in India. In the first place, contraction of the currency to the extent of 6·86 crores against cancellation of rupee treasury bills and 2·94 crores against silver withdrawn for sale depleted our resources by nearly 10 crores.

Currency operations.

95. Without entering into a long exposition, I wish to explain briefly, and in very elementary terms, the real significance of these currency operations. There is much misunderstanding on these subjects, which is fostered by the peculiar position of the Government of India and the combination of roles which they have to play. In the first place, it is Government themselves who have to do the work and, therefore, as happens in all countries, they are blamed for every untoward occurrence—as some of the Honourable Members opposite would soon find out if—as they hope, and as I often wish they could,—they were to change places with us. But apart from this common experience, the Government are not only the currency authority but are themselves the chief operators in the remittance market. When there are difficulties as regards exchange, which would be expressed in other countries by a tendency to export gold, that is expressed in India by difficulties for the Government to effect remittance, and when we take action to protect the currency position, which in other countries would be regarded as quite normal, it is represented here as artificial manipulation of exchange by Government in order to meet their own remittance needs. That appearance induces an unduly hostile type of criticism.

96. Then again, let us consider the internal currency position. If, as has happened in the current year, prices fall and the country requires less currency, and if, on top of that, large quantities of redundant silver currency are returned from hoards, the currency authority must meet the situation by cancelling currency. Otherwise, an inflated condition exists, internal prices would keep unduly high in relation to external prices, and internal rates for money unduly low. The result would be that the natural flow of exports, which is necessary to maintain the country's balance of trade, would be restricted and a very unhealthy situation dangerous to stability of currency would be set up. When currency becomes redundant and has to be cancelled, the profits of the currency authority diminish, for, all issues of currency, whether it be silver currency the bullion value of which is less than its face value, or notes for which the authority merely has to bear the cost of printing, bring profits; and the less the amount of currency outstanding, the less the profit. But when we as a Government, in our functions as currency authority, have to cancel currency and thus submit to a corresponding loss of profit, we are accused of pursuing a policy ruinous to the country's interests because we appear as borrowing money at interest in the form of treasury bills and then destroying it by contraction. In actual fact, however, the loss thus incurred only represents a loss of the profit which we would have made if the country had needed the extra supplies of currency.

97. Some of our critics, however, will say that we have carried this process unnecessarily far and that, in contracting currency, we have not only incurred this loss ourselves but have starved the commercial world in its needs for currency. Of this, as I have, on recent occasions, frequently explained, there is no evidence. Actually, since the beginning of the last busy season, say, from the 1st December, 1928, to the 30th November, 1929, the net contraction was 15·89 crores and the net reduction of notes in circulation was only 2·48 crores. The reason for this small effect of our operation on the note issue is that very large quantities of rupees have been returned. When rupees are returned, notes are automatically issued against them, and if these rupees have come not from active circulation but from hoards, a corresponding inflation would, in fact, have taken place. These

have been the actual facts this year, and the proof of the pudding lies in the eating. In spite of the contraction of currency, all the evidence shows that the currency needs of the country have been fully met so far as it was healthy to do so. In support of this contention, I need merely point to the fact that the Imperial Bank's cash, which is the real index of the adequacy of the currency, is considerably higher than it was at this time last year, although no expansion of the currency has been effected this busy season. This shows clearly that the contraction of the currency has not been excessive.

98. While this necessary contraction of 10 crores to which I have referred, counterbalanced part of our borrowings, other factors have contributed further to worsen our ways and means position. The chief cause has come from the Railways. As a result of the falling off in railway receipts and the increase of working expenses, the Railway Reserve Fund will have to be drawn upon to the extent of 86 lakhs to meet the contribution to general revenues, whereas an addition of 3,26 lakhs to the Reserve Fund was provided for in the Budget, while the addition to the Depreciation Fund is now expected to be one crore less than was anticipated. As against this, it was possible to effect a saving of 2,32 lakhs in railway capital expenditure, but, even allowing for this, there is a deterioration of nearly 3 crores under Railways. Borrowings by the Provinces are now expected to exceed the Budget by about 2¼ crores, and, in view of the heavy disbursements in April in London and in India the closing balance will stand at a figure 9 crores higher than provided for in the budget estimate. For these reasons, the revised estimate provides for an increase from 4 crores to 24 crores in the amount of treasury bills outstanding with the public, of which I would remark again that 9 crores is represented by increased treasury balances.

Next year.

99. In my last budget speech, I dealt at length with the railway capital expenditure and envisaged the possibility of a drastic reduction in 1930-31 in order that the credit of the Government might not be over-strained. The purpose thus indicated has been fulfilled, and as the House knows, we are allowing 16¾ crores only for railway capital expenditure, *i.e.*, 7·4 crores less than the revised estimate for the current year. It must be noted that the real reduction in new railway capital expenditure sanctioned is actually larger than these figures indicate, as 2·35 crores of the programme for 1930-31 really form part of the sanctioned programme for 1929-30. Allowing for this, the programmes for the two years compare as follows:

	Crores.
1929-30	26·50
1930-31	14·40
Reduction	12·10

This comparison brings out more clearly the drastic nature of the curtailment effected.

100. With this provision for railway capital expenditure, our borrowing programme for 1930-31 is, so far as new money is concerned, a very modest one. So far as sterling operations are concerned, I assume that the £6 million India Bills falling due in December will be renewed; but, if conditions are favourable, this floating debt will be funded. As regards

India, I estimate that a loan of 23½ crores will be required, of which 7·4 crores only will be new money and the remainder, namely, 16·1 crores will be utilised for redeeming outstanding loans, principally 1930 Bonds. This provides for reducing the amount of outstanding treasury bills from 24 crores at the close of the current year to 20 crores at the close of the next. I anticipate no difficulty in carrying out this programme without disturbing the market for Government securities, and, if conditions improve, it may be possible, to fund a larger amount of the floating debt than I have assumed in my present calculations. On looking back on these proposals, I feel justified in saying that provided only that political disturbances do not upset either conditions in India or confidence in England, our borrowing programme is of such a nature that we could confidently look forward to a general appreciation in Government securities.

Home Remittances.

101. A year ago, it was estimated that we should require to remit £35¼ millions to London in 1929-30. Throughout the year the exchange position has been difficult. India, like most other countries in the world, was affected adversely by the high money rates consequent upon the attraction of funds to New York to finance the speculative boom on the Stock Exchange and by the fall in prices and general trade depression which followed the collapse of this boom. In addition, the uncertain political outlook has led to the export of capital on a considerable scale. As a result, our power to effect remittances to London has been temporarily curtailed and we now estimate that the total remittance through the market in the current year will amount to £19 millions only. This will suffice, with the help of the sterling borrowings referred to above and the transfer of £9½ millions already effected through the Paper Currency Reserve, to enable the Secretary of State to close the year with a balance of £6·8 millions. Assuming that the £6 million India bills falling due in December 1930 will be removed, the amount required to be remitted to London next year is estimated to be about £31·8 millions. This figure includes £3·3 millions for capital expenditure on railways as compared with £7·5 millions in the current year and £2·4 millions for repayment of debt (capital portion of railway annuities, etc.)

102. I should, of course, make it clear that the entire ways and means programme outlined above can only be considered as tentative and subject to modification in the light of the actual circumstances of the time.

Prices of Government securities.

103. Following the practice of previous years, I quote the market prices of certain typical rupee securities of the Government of India:

	Market price on the 20th February.															
	1923.		1924.		1925.		1926.		1927.		1928.		1929.		1930.	
	Rs.	A.	Rs.	A.	Rs.	A.	Rs.	A.	Rs.	A.	Rs.	A.	Rs.	A.	Rs.	A.
5 per cent. tax-free loan, 1945-55 ..	89	8	97	12	97	15	101	4	107	2	106	11	103	15	100	0
3½ per cent. loan ..	58	0	65	14	66	9	71	6	77	7	76	1	72	6	64	1

104. The fall in prices since last year may be ascribed to a number of causes. Some would no doubt attribute chief importance to the magnitude of the Government's own needs. I explained this aspect of the situation very fully in my speech last year. It is clear now, in retrospect, that from

1925 to the beginning of 1928, the full effects of the capital expenditure programme launched by the Government were not felt. Such expenditure as was incurred was met very largely from reserves, while the expenditure itself had not got fully under weigh. When once expenditure got going at the full rate, and had to be met not from reserves but by fresh borrowing, it was obvious that the price of Government securities must come down from the high peak to which they had climbed. I gave a clear indication of this in my speech last year and also explained that, while I felt it necessary to curtail capital expenditure, it would not be possible to give effect to this at once without great economic loss, because so much work was already in progress and commitments such as the purchase of the Southern Punjab Railway had already been undertaken. I made it quite clear, however, that it was my intention to put on the brake as soon as possible, and, in the meanwhile, I endeavoured to settle the terms of our rupee loan last year on such a basis that it would represent a rock-bottom price from which a steady appreciation might be expected as a result of the curtailment of future borrowings. I think we may at least congratulate ourselves on the fact that, in spite of all the unfavourable developments which have since occurred, last year's rupee loan only stands about one point below the issue price. If it had not been for two unfavourable factors over which we had no control, I am certain that last year's loan would now be standing at a handsome premium.

105. What, then, are these factors? There has been, first, the wave of dear money which swept over the world culminating in a 6½ per cent. bank rate in England, which made it necessary to tighten money rates in India in order to protect our currency position. And, secondly, there has come upon us a new difficulty in the fall of our sterling securities due to the fears felt in London as to the future political stability of India. I have already said that I believe these fears to be entirely unjustified, but their results are unfortunately realities which we have to face. Any fall in our sterling securities creates serious difficulties which must re-act on the local situation. Either of these two last factors would have upset the rupee security market quite apart from our own borrowing operations.

106. Honourable Members will ask: "What of the future?" And I must answer this question in relation to each of the three factors which I have mentioned. As to the first, our own demands on the market, I have already given a clear answer. We only expect to ask the public to give us about 7·4 crores of new money next year. If we had only to consider our domestic monetary conditions, I would say with confidence that our troubles were over and that we could anticipate a steadily rising market in our Government securities.

107. As to the second factor, the rates for money prevailing in the world, we can again look with confidence to the future. I need only say that, in my view, everything points to a period of cheaper money for some time to come.

108. As to the third factor, I am afraid I can speak with much less certainty. What we have to expect from the operation of this factor depends mainly upon the action of the leaders of public opinion in this country, as represented by Honourable Members of this Assembly and those outside. If there is clear evidence that such leaders are facing their responsibilities

and are determined to oppose all revolutionary movements and to co-operate in a course of peaceful and orderly evolution, disclaiming those threats of unconstitutional action and repudiation of debt which we have so recently heard, then I am quite certain that the outside world will regain confidence in India and that we shall advance once more to our former high level of credit. But, if a contrary course is taken, then, it will be impossible to avoid unfavourable reactions on India's economic development. There must be a lack of that confidence which is so necessary to the initiation of new enterprises, and it is almost certain that a flow of capital from India will continue. Speaking on behalf of the Government, we have done all in our power to create a strong and healthy financial position, and I think what I have already said has demonstrated the effectiveness of our action in this direction. If the insidious lack of confidence continues to sap our foundations. we shall, as a Government, do our best to protect them and shall not hesitate to take strong financial measures for that purpose. But this will mean that our energies and resources will have to be devoted to defence rather than to constructive new enterprise and that the hopeful prospect of an all-round recovery, which would bring prosperity in so many directions and for which, so far as lies in our power, we have created all the necessary conditions, will be unattainable. The future in this respect lies in the hands of leaders of non-official opinion in India. The responsibility rests with them and not with the Government.

109. I do not propose to lengthen my present remarks by going into further detail now regarding figures of India's debt. Among the papers which will be circulated will be found a statement prepared in the same form as was introduced last year, with explanatory notes.

General Review of the Economic Situation.

110. Before I conclude, I must make a few short observations on the general economic situation. I was taken to task, in the course of the budget debates last year, for devoting insufficient attention to the general position of the masses of the country; but I must point out that my main task in a budget speech is to explain particular financial proposals and it is impossible for me to cover the whole work of Government. Moreover, it must be remembered that the main field for work in nation-building services comes within the sphere of the Provincial Governments and I cannot roam at large over this field without exceeding my own functions. Nevertheless, the effect on the general well-being of the country must be at the root of all our financial policy and I think that, if my proposals this year are carefully and impartially studied, it will be found that this has been throughout their main purpose and intention. I am afraid the time is now short and my remarks on this part of the subject must be very brief. I have dealt recently with various aspects of the situation in a speech to the Federation of Indian Chambers and I trust that Honourable Members will do me the honour of reading this speech. It is very obvious at present that India is suffering from a general wave of depression. It is also obvious that, apart from this special depression, there is great room for improvement in the standard of living of the masses of the country and of general economic production. It is necessary to make a clear distinction between these two conditions. The first is temporary and not special to India. It is mainly produced by causes over which the

Wave of depression.

Government have no control. The second is one which demands the constant and urgent attention of all the forces of society, public and private alike. As to the first, I hope, in the course of the debate, to have an opportunity more fully to express my views. I only wish to emphasise at present that I think that the depth of the depression is exaggerated in comparison with the very special period through which the country passed in the years 1924-25 and 1925-26. If we examine the trend of economic events in India since the end of the War, we find that the volume of imports and exports has, on the whole, shown a steady progression with two exceptional periods, first, as regards imports in 1920-21 and, secondly, as regards exports in 1924-25 and 1925-26. As regards prices, while the prices of imports have tended steadily to decline, those of exports, for various world causes, tended to rise during the period from 1921 to 1924. Since then, world prices for Indian imports and exports have steadily declined. The point of time at which the general rise in the prices of India's exports culminated coincided with an exceptional period for the volume of agricultural production, and this produced, in the two special years 1924-25 and 1925-26, to which I have referred, an exceptional peak of prosperity. Public opinion as to the course of Indian trade and general conditions, tends, I think, at present, to be framed too much with reference to this special period, and though I do not wish to minimise the effects of the present depression.. I think that, if our view is cast back along a longer period of India's history, we shall find that the present conditions are not, in comparison, so black as they are sometimes painted and that the general economic course of the country has been one of steady advance. The cause of the continued fall in world prices for India's chief imports and exports since 1925-26 is somewhat obscure. It would appear to be world-wide, as, on the basis of 100 for 1926, the Index numbers of general prices in the United Kingdom, the United States and India are 92·2, 96·8 and 95·3 respectively for 1929. While a fall has thus taken place in all the three areas that for India lies between those for the United Kingdom and the United States. This world-wide fall in prices has been put down by some to general over-production, both of raw materials and industrial products, throughout the world. It is known that large scale mass production has been developing throughout the world during the last few years and that tropical and sub-tropical areas have extended their output of raw materials. There are others who would give, as a further reason for the general world-wide fall in prices, the insufficient production of gold for the general requirements of the world as a whole.

Fall in prices.

111. Unfortunately, the fall did not end with 1929. Conditions in America, to which I have already referred above, have led to a large recession in business activity all over the world. The immediate out-look is uncertain. Manufacturers and dealers are using up their stock of raw materials and refusing to enter into fresh commitments until they see how far this recession is likely to go. The result is that the fall in the prices of primary products, which was a feature of the year 1929, has been accelerated. India has been particularly hard hit by this world development. Since the 1st January the price of cotton has fallen by about 15 per cent. and the price of wheat by about 12 per cent. while the prices of other staple products such as jute and rice show no signs of recovery from the low level which they reached during the year 1929. It would be rash to attempt to say when the tide will turn, but there are signs in America

The out-look.

that the trade recession will not be so severe as was anticipated, and it looks as if prices are now so low that the world will soon begin to take more interest in the products of India and be prepared to enter into commitments for the future. There is reason to hope, therefore, that a recovery from the present economic depression will not be long delayed.

112. Whatever the reasons for the fall and whatever the future prospects, it is clear that the condition of the agricultural classes of India must be seriously affected, and it may be that, in order to maintain their position, they have to part with an undue proportion of their own production. Measures of immediate relief are difficult, but the main lines of the policy which should be pursued seem clear. In the first place, and above everything, it is necessary to stimulate and improve the agricultural production of the country and, as a supplement to this, to put the poorer agricultural classes into a position in which they can retain a greater proportion of their own produce for their own subsistence. In the second place, it is desirable to encourage industrial development provided that this can be done in conjunction with, and as a supplement to, the agricultural life of the country. In the third place—and this is a minor matter but still one of very great importance—the whole country urgently needs the provision of better methods for the study of its own economic conditions than are at present available.

Lines of policy.

113. I venture to say that, if the significance of all the proposals to which I have referred in this speech, is examined, it will be found that steps are being taken in all these directions. I shall hope to enlarge further on this subject in the later stages of the debate, and not encroach further upon the time available this evening.

Conclusion.

114. Before concluding, I should like to emphasise again what I regard as the main features of my budget proposals.

Main features of the budget.

First, all additional expenditure on normal increments and new services, including the large agricultural grants and such important new services as civil aviation, is being balanced by economies,—mainly on military expenditure.

Secondly, principles of financial soundness are being doubly reinforced. No financial weak spots are being left as regards debt redemption and the Cash Certificate liability, while I have provided for a margin of safety in case events next year prove unfavourable. We can thus face the most stringent scrutiny of financial critics with confidence.

Thirdly, we are making a substantial start towards a constructive economic policy and opening the way for beneficial expenditure. If the year proceeds without abnormal disturbances to trade or civil security, we shall have money at our disposal to increase our resources for these purposes, and having prepared these foundations, the Central Government next year ought to be in a position either to initiate important schemes themselves or to provide additional revenue for the Provincial Governments to give them the power for a more generous effort to this end.

Fourthly, although substantial new revenue is to be raised, the measures which I have proposed are so designed as to reduce restrictions on economic action and to lighten, rather than increase, the burden on the poorest classes. This is directly the case as regards the reduction of the rice export duty and of the import duty on kerosene, while all except one of the other measures ought to have indirect beneficial effects. I have, moreover, indicated various directions in which, with the normal proceeds of our new resources, I hope to remove certain hampering impediments to the business activities of the country.

Fifthly, we have, in our proposals affecting cotton, made a determined effort to remedy a special malady from which the industrial life of the country is suffering, and by restoring health to one important centre, to improve the general condition of the country.

Sixthly, we have made a determined effort, by a proper control of capital expenditure, to give a chance for recuperation of the country's credit, so that, with strength restored, a healthy growth, proportioned to our resources, may be once more resumed.

115. I would ask Honourable Members to give all these points impartial consideration and to read into my proposals their future promise no less than their present performance.

116. I may possibly be criticised for seeking to raise more revenue than appears to be immediately needed for actual outgoings, but I hope that what I have said will have convinced at least a majority of this Assembly, first, of the paramount importance of creating reserves to strengthen our resources and credit at this present critical juncture in India's history, and, secondly, for preparing the way for a more generous allocation, to the Provinces, of sources of revenue for nation-building services. It has often been said that the Reforms introduced after 1919 have failed to achieve their full effect owing to lack of adequate funds in the hands of the Provincial Governments. I am desirous of doing all in my power to prepare for better success in the next step.

117. Of one thing I feel certain—that, whether my particular proposals are popular or not, and whether or not they are open to criticism in detail, the main purpose which I have in mind is the right purpose, and that the future will prove the truth of this contention. A Finance Member has to suffer the slings and arrows of criticism for his immediate actions, and, perhaps in very rare cases, to receive some meed of praise if Providence brings good times in his tenure of office. But his own efforts should really be judged by their more lasting results, and I can hope with confidence that, if my present proposals are accepted, my successor, from whatever quarter he may come, will, in the future, look back to me with gratitude for having proposed these drastic measures at this stage. For the present, it is my purpose, as, I hope, it will also be that of this Assembly, to make clear to all concerned that, whatever political clouds may be hanging over us, or whatever political changes may be in store, it will ever be the determination of the Government of India to keep Indian finance firmly secured on an unshakeable foundation. (Applause.)

GEORGE SCHUSTER.

The 28th February 1930.

BUDGET

of the

Governor-General in Council

as laid before the

Indian Legislature, 1930.

FINANCE DEPARTMENT,
New Delhi, the 28th February 1930.

A. C. McWATTERS,
Secretary to the Govt. of India.

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I.—General Statement of the Revenue and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1928-29.	Budget Estimate, 1929-30.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	49,28,00,804	51,21,77,000	51,02,09,000	54,47,81,000
Taxes on Income	,,	16,70,33,999	16,59,60,000	17,10,06,000	17,99,78,000
Salt	,,	7,59,92,742	6,34,64,000	6,72,19,000	7,04,83,000
Opium	,,	3,26,59,423	3,05,57,000	3,08,27,000	2,71,80,000
Other Heads	,,	2,23,85,302	2,22,67,000	2,28,02,000	2,30,86,000
TOTAL PRINCIPAL HEADS .		79,08,72,270	79,44,25,000	80,20,63,000	84,55,08,000
Railways: Net Receipts (as per Railway Budget)		37,48,75,950	40,55,00,000	37,06,80,000	38,10,00,000
Irrigation: Net Receipts . . .	A	9,40,323	13,40,000	12,75,000	14,25,000
Posts and Telegraphs: Net Receipts .	,,	7,41,354	57,73,000	7,99,000	21,52,000
Interest Receipts	,,	2,80,03,036	3,45,64,000	4,32,78,000	3,45,31,000
Civil Administration	,,	1,00,93,520	1,12,25,000	1,13,06,000	1,06,44,000
Currency and Mint	,,	2,88,32,728	3,05,77,000	2,85,51,000	2,89,15,000
Civil Works	,,	17,04,637	18,45,000	24,35,000	26,17,000
Miscellaneous	,,	89,47,427	85,44,000	92,31,000	86,11,000
Military Receipts	,,	3,39,37,451	3,48,71,000	3,97,77,000	3,62,08,000
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments . .	,,	3,09,749	...	...	...
Extraordinary Items	,,	1,04,62,030	1,19,69,000	1,90,23,000	32,00,000
TOTAL REVENUE .		1,28,98,10,475	1,34,06,33,000	1,32,84,08,000	1,35,48,11,000
DEFICIT .		31,54,002	...	...	...
TOTAL .		1,29,29,64,477	1,34,06,33,000	1,32,84,08,000	1,35,48,11,000

Revenue of the Central Government, in India and in England.

	For details, *vide* Statement.	Accounts, 1928-29.	Budget Estimate, 1929-30.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
		Rs.	Rs.	Rs.	Rs.
Expenditure—					
Direct Demands on the Revenue	B	4,02,12,795	4,59,43,000	4,12,99,000	4,35,57,000
Forest and other Capital outlay charged to Revenue	,,	3,62,465	7,88,000	5,21,000	6,33,000
Railways : Interest and Miscellaneous Charges (as per Railway Budget)	,,	32,25,56,493	34,30,28,000	30,94,94,000	32,36,43,000
Irrigation	,,	22,24,830	22,66,000	30,36,000	25,71,000
Posts and Telegraphs	,,	81,63,816	81,20,000	81,11,000	92,73,000
Debt Services	,,	15,62,43,872	15,59,88,000	16,51,88,000	17,81,58,000
Civil Administration	,,	11,43,51,316	12,66,74,000	12,68,72,000	13,26,59,000
Currency and Mint	,,	71,61,822	71,02,000	74,39,000	77,66,000
Civil Works	,,	1,59,28,196	2,59,35,000	2,63,25,000	2,81,06,000
Miscellaneous	,,	4,05,92,852	4,06,93,000	4,58,39,000	4,16,87,000
Military Services	,,	58,49,37,451	58,58,71,000	59,07,77,000	57,97,08,000
Miscellaneous adjustments between the Central and Provincial Governments	,,	1,08,059	...	...	...
Extraordinary Items	,,	1,20,510	2,25,000	7,000	50,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,29,29,64,477	1,34,06,33,000	1,32,49,08,000	1,34,78,11,000
SURPLUS		...	...	35,00,000	70,00,000
TOTAL		1,29,29,64,477	1,34,06,33,000	1,32,84,08,000	1,35,48,11,000

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts.			
		Accounts, 1928-29.	Budget Estimate, 1929-30.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
		Rs.	Rs.	Rs.	Rs.
Surplus	C	...	...	35,00,000	70,00,000
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)	C	14,794	2,65,19,000	...	...
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	28,01,00,740	22,12,02,000	19,81,13,000	14,66,00,000
Floating Debt (net incurred)	"	3,62,25,000	...	23,35,30,000	...
Unfunded Debt (net incurred)	"	8,40,95,296	10,23,34,000	14,04,26,000	9,36,52,000
Deposits and Advances (net)	"	...	6,58,81,000	...	5,57,50,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	4,97,87,890	5,35,73,000	23,70,000	5,08,95,000
TOTAL DEBT, DEPOSITS AND ADVANCES.		45,02,98,926	44,29,90,000	57,44,39,000	24,69,27,000
Remittances (net)	C	75,66,103	1,08,000	7,42,000	4,95,000
TOTAL RECEIPTS	...	45,78,79,823	46,96,17,000	57,86,81,000	25,44,22,000
Opening Balance India	...	9,16,10,089	11,73,63,089	9,20,46,097	17,79,20,097
Opening Balance England	...	7,54,87,402	7,29,96,402	6,99,36,668	9,30,41,668
TOTAL	...	62,49,77,314	65,99,76,491	74,06,63,765	52,53,83,765

Central Government, in India and in England.

	For details, *vide* Statement.	Disbursements.			
		Accounts, 1928-29.	Budget Estimate, 1929-30.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
		Rs.	Rs.	Rs.	Rs.
Deficit	C	31,54,002	...	...	...
Railway, Irrigation, Posts and Telegraphs and other Capital outlay not charged to Revenue—					
Capital outlay on Security Printing Press	C	—4,75,524	45,000	23,000	45,000
Construction of State Railways (as per Railway Budget)	,,	25,35,76,072	33,52,67,000	31,20,57,000	16,75,00,000
Discharge of Debentures (as per Railway Budget)	,,	3,99,30,676	2,65,19,000	...	...
Construction of Irrigation Works	,,	36,040	1,99,000	2,53,000	1,01,000
Capital outlay on Posts and Telegraphs	,,	53,33,185	68,13,000	52,13,000	68,71,000
Capital outlay on Vizagapatam Port	,,	29,23,364	40,00,000	34,50,000	34,20,000
Capital outlay on Light-houses and Light-ships	,,	...	8,000	...	...
Currency Capital outlay	,,	3,37,011	52,000	1,58,000	1,88,00
Initial expenditure on New Capital at Delhi	,,	36,64,623	71,66,000	67,74,000	51,84,000
Payment of commuted value of pensions	,,	36,09,034	31,17,000	35,24,000	33,59,000
Capital outlay on Bombay Land Scheme	,,	...	...	...	2,05,22,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS		30,89,34,484	38,31,86,000	33,14,52,000	20,71,90,000
Debt, Deposits and Advances—					
Floating Debt (net discharged)	C	...	94,75,000	...	4,00,00,000
Deposits and Advances (net)	,,	1,72,98,367	...	2,27,59,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES		1,79,98,367	94,75,000	2,27,59,000	4,00,00,000
Loans and Advances by the Central Government (net Advances)	C	12,72,24,050	6,24,28,000	6,97,24,000	6,73,62,000
Balances of Provincial Governments (net)	,,	56,83,646	2,58,11,000	4,57,67,000	2,61,13,000
TOTAL DISBURSEMENTS	...	46,29,94,549	48,09,00,000	46,97,02,000	34,06,65,000
Closing Balance: India	...	9,20,46,097	11,56,88,089	17,79,20,097	12,70,94,097
Closing Balance: England	...	6,99,36,668	6,33,88,402	9,30,41,668	5,67,24,668
TOTAL	...	62,49,77,314	65,99,76,491	74,06,63,765	52,53,83,765

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	ACCOUNTS, 1928-29.				REVISED ESTIMATE,		Item No.
	India.	England.	Exchange.	TOTAL.	India.	England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	49,28,00,804	...	...	49,28,00,804	51,02,00,000	...	1
II.—Taxes on Income	16,70,40,768	—6,762	—7	16,70,33,999	17,10,62,000	4,000	2
III.—Salt	7,59,92,704	38	...	7,59,92,742	6,72,19,000	...	3
IV.—Opium	3,26,59,416	7	...	3,26,59,423	3,08,27,000	...	4
V.—Land Revenue	38,31,605	...	...	38,31,605	39,91,000	2,000	5
VI.—Excise	52,71,614	...	...	52,71,614	53,87,000	...	6
VII.—Stamps	30,81,791	...	...	30,81,791	28,94,000	...	7
VIII.—Forest	25,97,165	93	...	25,97,258	29,54,000	...	8
IX.—Registration	1,61,924	...	...	1,61,924	1,60,000	...	9
X.—Tributes from Indian States	74,41,110	...	...	74,41,110	74,34,000	...	10
TOTAL	79,08,78,901	—6,624	—7	79,08,72,270	80,20,57,000	6,000	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	17,96,143	...	...	17,96,143	23,19,000	...	12
Deduct—Working Expenses	*8,58,062*	*221*	...	*8,58,283*	*10,48,000*	...	13
Net Receipts	9,38,081	—221	...	9,37,860	12,71,000	...	14
XIV.—Works for which no Capital Accounts are kept	2,463	...	...	2,463	4,000	...	15
TOTAL	9,40,544	—221	...	9,40,323	12,75,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Posts and Telegraphs Department—Gross Receipts	11,03,65,308	...	...	11,03,65,308	11,20,15,000	...	17
Deduct—Working Expenses	*10,87,52,615*	*7,29,898*	*1,219*	*10,94,83,732*	*11,02,36,000*	*7,60,000*	18
Net Receipts	16,12,693	—7,29,898	—1,219	8,81,576	17,79,000	—7,60,000	19
Indo-European Telegraph Department—Gross Receipts	15,27,576	13,63,887	2,830	28,93,293	11,95,000	14,00,000	20
Deduct—Working Expenses	*28,67,187*	*1,66,026*	*302*	*30,33,515*	*26,38,000*	*1,81,000*	21
Net Receipts	—13,39,611	11,96,861	2,528	—1,40,222	—14,43,000	12,19,000	22
TOTAL	2,73,082	4,66,963	1,309	7,41,354	3,36,000	4,59,000	23
Debt Services—							
XVI.—Interest	91,36,133	1,88,43,864	23,039	2,80,03,036	91,05,000	3,39,36,000	24
Carried over	80,12,28,660	1,93,03,982	24,341	82,05,56,983	81,27,73,000	3,44,01,000	25

* Sterling converted into Rupees at £1=Rs. 13⅓.

Government, in India and in England.

Item No.	1929-30. Exchange.	1929-30. Total.	Increase (+) Decrease (—) as compared with Budget, 1929-30.	Budget Estimate, 1930-31. India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1929-30.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	51,02,09,000	—19,68,000	54,47,81,000	...	...	54,47,81,000	+3,45,72,000
2	...	17,10,06,000	+50,46,000	17,99,78,000	...	...	17,99,78,000	+89,72,000
3	...	6,72,19,000	+37,55,000	7,04,83,000	...	...	7,04,83,000	+32,64,000
4	...	3,08,27,000	+2,70,000	2,71,80,000	...	...	2,71,80,000	—36,47,000
5	...	39,93,000	+72,000	40,17,000	...	...	40,17,000	+24,000
6	...	53,87,000	+4,43,000	53,82,000	...	...	53,82,000	—5,000
7	...	28,94,000	+36,000	28,84,000	...	...	28,84,000	—10,000
8	...	29,34,000	—66,000	32,45,000	...	...	32,45,000	+3,11,000
9	...	1,60,000	+1,000	1,60,000	...	...	1,60,000	...
10	...	74,34,000	+49,000	73,98,000	...	...	73,98,000	—36,000
11	...	80,20,63,000	+76,38,000	84,55,08,000	...	...	84,55,08,000	+4,34,45,000
12	...	23,19,000	+ 54,000	23,82,000	...	...	23,82,000	+63,000
13	...	*10,48,000*	—1,19,000	*9,61,000*	...	...	*9,61,000*	+87,000
14	...	12,71,000	— 65,000	14,21,000	...	...	14,21,000	+1,50,000
15	...	4,000	...	4,000	...	...	4,000	...
16	...	12,75,000	—65,000	14,25,000	...	...	14,25,000	+1,50,000
17	...	11,20,15,000	—39,82,000	11,50,85,000	...	...	11,50,85,000	+30,70,000
18	*5,000*	*11,10,01,000*	—7,95,000	*11,19,78,000*	*7,29,000*	...	*11,27,01,000*	—17,00,000
19	—5,000	10,14,000	—47,77,000	31,13,000	—7,29,000	...	23,84,000	+13,70,000
20	10,000	26,05,000	—2,03,000	11,90,000	12,80,000	...	24,70,000	—1,35,000
21	*1,000*	*28,20,000*	+96,000	*25,50,000*	*1,52,000*	...	*27,02,000*	+1,18,000
22	9,000	—2,15,000	—1,97,000	—13,60,000	11,28,000	...	—2,32,000	—17,000
23	4,000	7,99,000	—49,74,000	17,53,000	3,99,000	...	21,52,000	+13,53,000
24	2,37,000	4,32,78,000	+87,14,000	1,07,33,000	2,37,98,000	...	3,45,31,000	—87,47,000
25	2,41,000	84,74 15,000	+1,13,13,000	85,94,19,000	2,41,97,000	...	88,36,16,000	+3,62,01,000

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1928-29.				Revised Estimate,		Item No.
	India.	England.	Exchange.	Total.	India.	England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	80,12,28,660	1,93,03,982	24,341	82,05,56,983	81,27,73,000	3,44,01,000	
Civil Administration—							
XVII.—Administration of Justice	3,52,364	1,742	3	3,55,103	3,16,000	...	1
XVIII.—Jails and Convict Settlements	3,46,227	...	...	3,46,227	3,53,000	...	2
XIX.—Police	5,57,453	...	...	5,57,453	4,71,000	1,000	3
XX.—Ports and Pilotage	31,41,910	640	—3	31,42,578	28,51,000	...	4
XX(1).—Light houses and Light ships					13,18,000	...	
XXI.—Education	2,11,942	68	...	2,12,010	2,03,000	...	5
XXII.—Medical	3,14,619	518	1	3,15,138	3,02,000	...	6
XXIII.—Public Health	3,56,785	...	...	3,56,785	3,71,000	...	7
XXIV.—Agriculture	21,28,796	...	...	21,28,796	23,22,000	...	8
XXV.—Industries	36,367	17	...	36,384	34,000	...	9
XXVI.—Miscellaneous Departments	14,70,450	8,668	15	14,79,128	17,27,000	13,000	10
XXVI-A.—Indian Stores Department	11,81,918	...	...	11,81,918	15,24,000	...	11
Total	1,00,81,961	11,648	11	1,00,93,520	1,12,92,000	14,000	12
Currency and Mint—							
XXVII.—Currency	2,23,15,563	21,44,574	2,184	2,44,62,311	2,19,98,000	27,12,000	13
XXVIII.—Mint	43,70,414	3	...	43,70,417	38,22,000	...	14
Total	2,66,85,967	21,44,577	2,184	3,88,32,728	2,58,20,000	27,12,000	15
Civil Works—							
XXX.—Civil Works	17,04,637	...	...	17,04,637	24,36,000	...	16
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	16,02,374	4,31,554	887	20,35,115	15,92,000	4,41,000	17
XXXIV.—Stationery and Printing	38,47,275	30,304	39	38,86,708	39,07,000	38,000	18
XXXV.—Miscellaneous	20,84,754	9,38,488	2,362	30,25,604	20,17,000	12,15,000	19
Total	75,34,403	14,00,736	3,288	89,47,427	75,16,000	16,94,000	20
Military Receipts—							
XXXVI.—Army—							
Effective	1,77,19,933	35,62,477	4,427	2,12,86,827	1,79,73,000	33,36,000	21
Non-effective	17,85,529	35,36,263	5,295	53,27,097	27,38,000	67,47,000	22
	1,95,05,462	70,98,740	9,722	2,66,13,924	2,07,11,000	1,00,83,000	23
XXXVII.—Marine	13,60,708	2,397	1	13,63,106	15,87,000	6,000	24
XXXVIII.—Military Engineer Services	59,60,421	...	...	59,60,421	53,19,000	...	25
XXXVIII.-A—Transfers from Military Reserve Fund	...	...	...	...	...	...	
Total	2,68,26,591	71,01,137	9,723	3,39,37,451	2,96,17,000	1,00,89,000	26
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—							
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	3,99,749	...	...	3,99,749	...	...	27
Extraordinary items—							
XL.—Extraordinary Receipts	...	30,42,166	4,978	30,47,144	1,56,15,000	33,84,000	28
XL-A.—Transfers from Revenue Reserve Fund	74,14,886	...	...	74,14,886	...	...	29
Total	74,14,886	30,42,166	4,978	1,04,62,030	1,56,15,000	33,84,000	30
Railway Revenues as per Railway Budget	37,62,75,386	—13,94,382	—5,054	37,48,75,950	37,08,06,000	—1,25,000	31
TOTAL REVENUE	1,25,81,52,140	3,16,18,864	39,471	1,28,98,10,475	1,27,58,74,000	5,21,69,000	32

*Sterling converted into Rupees at £1 =Rs. 13⅓.

Government, in India and in England—*contd.*

Item No.	1929-30. Exchange.	1929-30. Total.	Increase (+) Decrease (−) as compared with Budget, 1929-30.	Budget Estimate, 1930-31. India.	England.	Exchange.	Total.	Increase (+) Decrease (−) as compared with Revised, 1929-30.
	Rs. 2,41,000	Rs. 84,74,15,000	Rs. +1,13,13,000	Rs. 85,94,19,000	Rs. 2,41,97,000	Rs. ...	Rs. 88,36,16,000	Rs. +3,62,01,000
1	...	3,16,000	−45,000	3,13,000	...	...	3,13,000	−3,000
2	...	3,53,000	+2,000	4,03,000	...	...	4,03,000	+50,000
3	...	4,72,000	+35,000	4,80,000	...	...	4,80,000	+8,000
4	...	23,51,000	+61,000	24,42,000	...	...	24,42,000	+91,000
5	...	13,18,000	+2,27,000	12,85,000	...	...	12,85,000	−33,000
6	...	2,03,000	+19,000	2,05,000	...	...	2,05,000	+2,000
7	...	3,02,000	−77,000	5,95,000	...	...	5,95,000	+2,93,000
8	...	3,71,000	−98,000	3,79,000	...	...	3,79,000	+8,000
9	...	23,22,000	−1,73,000	24,08,000	...	...	24,08,000	+86,000
10	...	34,000	...	29,000	...	...	29,000	−5,000
11	...	17,40,000	+3,13,000	15,62,000	4,000	...	15,66,000	−1,74,000
	..	15,24,000	−1,83,000	5,39,000	...	...	5,39,000	−9,85,000
12	...	1,13,06,000	+81,000	1,06,40,000	4,000	...	1,06,44,000	−6,62,000
13	19,000	2,47,29,000	−19,56,000	2,36,35,000	16,32,000	...	2,52,67,000	+5,38,000
14	...	38,22,000	−70,000	36,48,000	...	...	36,48,000	−1,74,000
15	19,000	2,85,51,000	−20,26,000	2,72,83,000	16,32,000	...	2,89,15,000	+3,64,000
16	...	24,35,000	+5,90,000	26,17,000	...	...	26,17,000	+1,82,000
17	3,000	20,36,000	+72,000	15,71,000	3,59,000	...	19,30,000	−1,06,000
18	...	39,45,000	+14,000	37,86,000	35,000	...	38,21,000	−1,24,000
19	8,000	32,40,000	+5,91,000	14,09,000	14,51,000	...	28,60,000	−3,80,000
20	11,000	92,21,000	+6,77,000	67,66,000	18,45,000	...	86,11,000	−6,10,000
21	24,000	2,33,33,000	+8,85,000	1,75,12,000	29,12,000	...	2,04,24,000	−29,09,000
22	47,000	95,32,000	+57,37,000	18,74,000	50,53,000	...	69,27,000	−26,05,000
23	71,000	3,28,65,000	+66,22,000	1,93,86,000	79,65,000	...	2,73,51,000	−55,14,000
24	...	15,93,000	+2,31,000	21,36,000	...	...	21,36,000	+5,43,000
	...	53,19,000	−19,47,000	41,14,000	...	...	41,14,000	−12,05,000
25	...	...	...	26,07,000	...	...	26,07,000	+26,07,000
26	71,000	3,97,77,000	+49,06,000	2,82,43,000	79,65,000	...	3,62,08,000	−35,69,000
27	...	...	...	...	...	...	...	...
28	24,000	1,90,23,000	+1,60,23,000	...	32,00,000	...	32,00,000	−1,58,23,000
29	...	...	−89,69,000	...	...	...	...	...
30	24,000	1,90,23,000	+70,54,000	...	32,00,000	...	32,00,000	−1,58,23,000
3	−1,000	37,06,80,000	−3,48,30,000	38,53,16,000	−43,16,000	...	38,10,00,000	+1,03,20,000
32	3,65,000	1,32,84,08,000	−1,22,25,000	1,32,02,84,000	3,45,27,000	...	1,35,48,11,000	+2,64,03,000

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	Accounts, 1928-29. India.	England.	Exchange.	Total.	Revised India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenues—						
1.—Customs	91,58,120	2,00,658	303	93,59,081	99,26,000	1
2.—Taxes on income	67,45,348	1,50,326	241	68,95,915	71,01,000	2
3.—Salt	1,22,35,370	90,177	130	1,23,25,677	1,26,87,000	3
4.—Opium	53,65,969	1,29,071	228	54,95,268	47,77,000	4
5.—Land Revenue	11,59,494	12,529	31	12,02,054	10,89,000	5
6.—Excise	15,02,978	4,800	7	15,07,785	16,74,000	6
7.—Stamps	1,09,482	...	...	1,09,482	63,000	7
8.—Forest	31,19,246	1,68,850	239	32,88,335	31,83,000	8
9.—Registration	29,198	...	...	29,198	30,000	9
Total	3,94,55,205	7,56,411	1,179	4,02,12,795	4,05,30,000	10
Forest and other Capital outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	57,776	...	...	57,776	1,21,000	11
7A.—Capital outlay on Central Stamp Store	1,07,952	...	...	1,07,952	...	12
8A.—Forest Capital outlay	1,96,737	...	...	1,96,737	3,71,000	13
Total	3,62,465	...	...	3,62,465	4,92,000	14
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						15
Interest on Debt	12,21,077	...	...	12,21,077	12,25,000	16
15.—Other Revenue Expenditure	6,69,058	83,122	235	7,52,415	15,95,000	
Total	18,90,135	83,122	235	19,73,492	28,20,000	17
Irrigation, etc., Capital Account (charged to Revenue)—						
16.—Construction of Irrigation, etc., Works—						18
Financed from Ordinary Revenues	2,51,338	...	...	2,51,338	1,58,000	
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Posts and Telegraphs Department	62,65,133	...	...	62,65,133	66,19,000	19
Indo-European Telegraph Department	5,37,448	...	...	5,37,448	5,52,000	20
Total	68,02,581	...	...	68,02,581	71,71,000	21
Posts and Telegraphs Capital Account (charged to Revenue)—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Posts and Telegraphs Department	13,12,114	...	...	13,12,114	9,50,000	22
Indo-European Telegraph Department	44,446	4,667	8	49,121	—15,000	23
Total	13,56,560	4,667	8	13,61,235	9,35,000	24
Debt Services—						
19.—Interest on Ordinary Debt	20,82,19,791	17,85,47,020	2,08,866	38,69,75,677	21,05,76,000	25
Deduct—Amount chargeable to—						
Railways	*17,37,90,367*	*10,43,29,536*	*1,38,796*	*27,82,58,699*	*18,20,04,000*	26
Irrigation	*12,21,077*	...	...	*12,21,077*	*12,25,000*	27
Posts and Telegraphs	*69,61,542*	...	...	*69,61,542*	*73,50,000*	28
Other heads	*14,72,253*	...	...	*14,72,253*	*16,91,000*	29
Provincial Loans Fund	*5,87,78,074*	...	...	*5,87,78,074*	*6,18,97,000*	30
Remainder chargeable to Ordinary Debt	—3,40,03,522	7,42,17,484	70,070	4,02,84,032	—4,35,91,000	31
20.—Interest on other Obligations	6,15,61,768	1,80,762	310	6,17,42,840	6,85,74,000	32
21.—Reduction or Avoidance of Debt	5,42,17,000	...	...	5,42,17,000	5,73,87,000	33
Total	8,17,75,246	7,43,98,246	70,380	15,62,43,872	8,23,70,000	34
Carried over	13,18,93,530	7,52,42,446	71,802	20,72,07,778	13,44,76,000	35

* Sterling converted into Rupees at £1 = Rs. 13⅓

of the Central Government, in India and in England.

Item No.	Estimate, 1929-30. * England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1929-30.	Budget Estimate, 1930-31. India.	* England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1929-30.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	1,42,000	1,000	1,00,69,000	+87,000	96,36,000	1,78,000	...	98,14,000	—2,55,000
2	1,45,000	1,000	72,47,000	+9,000	74,58,000	1,31,000	...	75,89,000	+3,42,000
3	99,000	1,000	1,27,87,000	—2,86,000	1,30,80,000	87,000	...	1,31,67,000	+3,80,000
4	1,32,000	1,000	49,10,000	—21,91,000	63,65,000	92,000	...	64,57,000	+15,47,000
5	1,000	...	10,90,000	—65,000	10,31,000	5,000	...	10,36,000	—54,000
6	5,000	...	16,79,000	+31,000	17,54,000	5,000	...	17,59,000	+80,000
7	29,000	...	92,000	+5,000	65,000	...	...	65,000	—27,000
8	2,10,000	2,000	33,95,000	—2,34,000	34,04,000	2,36,000	...	36,40,000	+2,45,000
9	...	...	30,000	...	30,000	...	...	30,000	...
10	7,63,000	6,000	4,12,99,000	—26,44,000	4,28,23,000	7,34,000		4,35,57,000	+22,58,000
11	...	...	1,21,000	—2,04,000	1,82,000	...	...	1,82,000	+61,000
12	...	...	...	...	...	...	...	...	...
13	29,000	...	4,00,000	—63,000	4,51,000	...	...	4,51,000	+51,000
14	29,000	...	5,21,000	—2,67,000	6,33,000	...		6,33,000	+1,12,000
15	...	...	12,25,000	—3,000	12,38,000		...	12,38,000	+13,000
16	58,000	...	16,53,000	+8,83,000	8,73,000	77,000		9,50,000	—7,03,000
17	58,000	...	28,78,000	+8,80,000	21,11,000	77,000	...	21,88,000	—6,90,000
18	...	...	1,58,000	—1,10,000	3,83,000	...	...	3,83,000	+2,25,000
19	...	...	66,19,000	+45,000	72,29,000	...	...	72,29,000	+6,10,000
20	...	...	5,52,000	—5,000	5,86,000	...	...	5,86,000	+34,000
21	...	...	71,71,000	+40,000	78,15,000	...	...	78,15,000	+6,44,000
22	...	...	9,50,000	—50,000	14,90,000		...	14,90,000	+5,40,000
23	5,000	...	—10,000	+1,000	—37,000	5,000	...	—32,000	—22,000
24	5,000	...	9,40,000	—49,000	14,53,000	5,000	...	14,58,000	+5,18,000
25	18,91,58,000	13,22,000	40,10,56,000	+1,12,14,000	21,96,35,000	18,78,96,000	...	40,75,29,000	+64,73,000
26	*10,73,06,000*	*7,50,000*	*29,00,60,000*	+7,64,000	*19,09,63,000*	*10,94,43,000*	...	*30,04,06,000*	—1,03,46,000
27	...	...	*12,25,000*	+3,000	*12,38,000*	...	...	*12,38,000*	—13,000
28	...	...	*78,50,000*	—51,000	*79,93,000*	...	...	*79,93,000*	—6,43,000
29	...	...	*16,91,000*	+6,9,000	*20,80,000*	...	...	*20,80,000*	—3,89,000
30	...	...	*6,18,97,000*	+1,92,000	*6,52,29,000*	...	...	*6,52,29,000*	—33,32,000
31	8,18,52,000	5,72,000	3,88,33,000	+1,27,81,000	—4,78,70,000	7,84,53,000	...	3,05,83,000	—82,50,000
32	3,91,000	3,000	6,89,68,000	—36,89,000	8,65,66,000	9,85,000	...	8,75,51,000	+1,85,83,000
33	...	...	5,73,87,000	+1,06,000	6,09,24,000	...	...	6,09,24,000	+26,37,000
34	8,23,43,000	5,75,000	16,51,88,000	+92,00,000	9,57,20,000	7,94,38,000	...	17,81,58,000	+1,29,70,000
35	8,30,98,000	5,81,000	21,81,55,000	+70,50,000	15,39,38,000	8,02,54,000	...	23,41,92,000	+1,60,37,000

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	Accounts, 1928-29.				Revised	Item No.
	India.	England.	Exchange.	Total.	India.	
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	13,18,93,530	7,53,42,446	71,802	20,72,07,778	13,44,76,000	
Civil Administration—						
22.—General Administration	1,37,58,678	49,77,265	7,167	1,87,43,110	1,47,86,000	1
23.—Audit	92,80,036	3,59,800	624	96,40,460	98,66,000	2
24.—Administration of Justice	14,42,676	52,957	79	14,95,612	14,26,000	3
25.—Jails and Convict Settlements	34,72,376	41,484	43	35,13,803	40,09,000	4
26.—Police	71,73,925	1,88,746	240	73,62,911	74,12,000	5
27.—Ports and Pilotage	} 25,74,127	2,98,665	549	28,73,341	{ 22,98,000	6
27 (1).—Lighthouses and Lightships	}				{ 15,18,000	
28.—Ecclesiastical	23,83,630	8,41,875	1,411	32,31,916	23,50,000	7
29.—Political	1,44,12,167	14,13,268	2,568	1,58,28,003	1,44,14,000	8
29-A.—Frontier Watch and Ward	2,53,20,200	1,16,960	229	2,54,37,479	2,67,08,000	9
30.—Scientific Departments	81,27,835	11,65,388	1,009	92,94,232	84,29,000	10
31.—Education	44,49,200	87,624	116	45,36,940	51,78,000	11
32.—Medical	28,40,786	2,33,263	418	30,74,467	29,74,000	12
33.—Public Health	17,47,057	1,53,269	192	19,00,518	19,73,000	13
34.—Agriculture	28,59,189	1,16,138	195	29,75,522	46,16,000	14
35.—Industries	6,90,430	22,871	23	7,13,324	2,40,000	15
36.—Aviation	5,20,753	16,546	16	5,37,315	19,48,000	16
37.—Miscellaneous Departments	10,57,372	2,21,951	224	12,79,547	14,68,000	17
37-A.—Indian Stores Department	18,74,083	38,645	88	19,13,816	20,17,000	18
Total	10,39,89,410	1,03,46,715	15,191	11,43,51,316	11,34,30,000	19
Currency and Mint—						
38.—Currency	33,70,534	9,11,068	1,120	42,82,722	36,57,000	20
39.—Mint	25,65,026	3,13,643	431	28,79,100	27,37,000	21
Total	59,35,560	12,24,711	1,551	71,61,822	63,94,000	22
Civil Works—						
41.—Civil Works	1,58,20,035	1,08,013	148	1,59,28,196	2,62,38,000	23
Miscellaneous—						
43.—Famine—						
A.—Famine Relief	...	...	...	...	...	24
44.—Territorial and Political Pensions	26,94,786	1,17,925	202	28,12,913	31,52,000	25
45.—Superannuation Allowances and Pensions	11,27,508	2,32,90,053	34,513	2,44,52,084	27,10,000	26
46.—Stationery and Printing	50,56,884	5,60,600	841	56,18,325	48,42,000	27
47.—Miscellaneous	57,97,206	15,49,259	2,756	73,49,221	71,56,000	28
Total	1,46,76,384	2,55,17,847	38,312	4,02,32,543	1,78,60,000	29
Miscellaneous capital outlay charged to Revenue—						
45-A.—Commuted value of pensions financed from Ordinary Revenue	3,60,309	...	...	3,60,309	9,15,000	30
Military Services—						
48.—Army—						
Effective	36,49,32,850	8,04,61,090	1,00,753	44,54,94,693	35,68,57,000	31
Non-effective	3,53,95,189	4,88,36,630	68,525	8,43,00,344	3,54,03,000	32
	40,03,28,039	12,92,97,720	1,69,278	52,97,95,037	39,22,60,000	33
49.—Marine	53,94,273	27,88,120	4,410	81,86,803	53,84,000	34
50.—Military Engineer Services	4,39,79,394	3,69,266	214	4,43,48,874	4,59,96,000	35
50-A.—Transfers to Military Reserve Fund	26,06,737	...	...	26,06,737	33,95,000	36
Total	45,23,08,443	13,24,55,106	1,73,902	58,49,37,451	44,70,35,000	37
Contributions and miscellaneous adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous adjustments between the Central and Provincial Governments.	1,08,059	...	...	1,08,059	...	38
Extraordinary Items—						
52.—Extraordinary Payments	1,20,510	...	...	1,20,510	7,000	39
52-I.—Transfers to Revenue Reserve Fund	...	...	...	...	...	40
Total	1,20,510	...	...	1,20,510	7,000	41
Railway Expenditure as per Railway Budget	20,36,21,350	11,97,68,001	1,67,142	32,25,56,493	18,67,01,000	42
Total Expenditure charged to Revenue	92,78,33,590	36,46,62,839	4,68,048	1,29,29,64,477	93,30,56,000	43

* Sterling converted into Rupees at £1 = Rs. 13½.

of the Central Government, in India and in England—*contd.*

Item No.	Estimate, 1929-30.			Increase (+) Decrease (—) as compared with Budget, 1929-30.	Budget Estimate, 1930-31.				Increase (+) Decrease (—) as compared with Revised, 1929-30.
	* England.	Exchange.	Total.		India.	* England.	Exchange.	Total.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	8,30,98,000	5,81,000	21,81,55,000	+70,50,000	15,30,38,000	8,02,54,000	..	23,41,92,000	+1,60,37,000
1	77,67,000	55,000	2,26,08,000	+5,06,000	1,52,92,000	56,63,000	...	2,09,55,000	—16,53,000
2	3,29,000	2,000	1,01,97,000	+70,000	1,01,98,000	3,47,000	...	1,05,45,000	+3,48,000
3	1,10,000	1,000	15,37,000	+47,000	14,41,000	1,08,000	...	15,49,000	+12,000
4	69,000	1,000	40,79,000	—82,000	47,92,000	45,000	...	48,37,000	+7,58,000
5	1,82,000	1,000	75,95,000	—64,000	78,96,000	1,87,000	...	80,83,000	+4,88,000
6	2,85,000	2,000	25,85,000	—23,000	25,02,000	2,98,000	...	28,00,000	+2,15,000
	...	...	13,18,000	+2,27,000	12,85,000	...	...	12,85,000	—33,000
7	8,53,000	6,000	32,09,000	—47,000	23,97,000	8,47,000	...	32,44,000	+35,000
8	14,75,000	10,000	1,58,99,000	+3,23,000	1,60,67,000	13,42,000	...	1,74,09,000	+15,10,000
9	1,61,000	1,000	2,68,10,000	—6,90,000	2,77,24,000	1,14,000	...	2,78,38,000	+10,28,000
10	11,34,000	8,000	95,71,000	+1,18,000	86,10,000	13,88,000		99,98,000	+4,27,000
11	65,000	...	52,43,000	—51,000	62,51,000	74,000	...	63,25,000	+10,82,000
12	2,12,000	2,000	31,88,000	+44,000	31,50,000	1,87,000	...	33,37,000	+1,49,000
13	1,40,000	1,000	21,14,000	—48,000	19,99,000	1,37,000	...	20,46,000	— 68,000
14	1,63,000	1,000	47,80,000	—86,000	49,67,000	1,83,000	...	51,50,000	+3,70,000
15	46,000	...	2,86,000	—8,000	2,59,000	56,000	...	3,15,000	+29,000
16	2,43,000	2,000	21,93,000	—2,40,000	26,42,000	5,34,000	...	31,76,000	+9,83,000
17	1,08,000	1,000	15,77,000	+2,77,000	26,41,000	1,41,000	...	27,82,000	+12,05,000
18	66,000	...	20,83,000	—75,000	9,29,000	56,000	...	9,85,000	—10,98,000
19	1,33,48,000	94,000	12,68,72,000	+1,98,000	12,09,52,000	1,17,07,000	...	13,26,59,000	+57,87,000
20	9,16,000	6,000	45,79,000	—2,76,000	50,07,000	65,000	...	50,72,000	+4,93,000
21	1,22,000	1,000	28,60,000	+6,13,000	25,88,000	1,66,000	...	26,94,000	—1,66,000
22	10,38,000	7,000	74,39,000	+3,37,000	75,95,000	1,71,000	...	77,66,000	+3,27,000
23	86,000	1,000	2,63,25,000	+3,90,000	2,79,85,000	1,21,000	...	2,81,06,000	+17,81,000
24	1,000	...	1,000	+1,000	...	...	...	...	—1,000
25	1,31,000	1,000	32,84,000	+51,000	31,51,000	1,20,000	...	32,71,000	—13,000
26	2,39,03,000	1,67,000	2,67,80,000	+22,50,000	20,70,000	2,24,56,000	...	2,45,26,000	—22,54,000
27	9,12,000	6,000	57,60,000	+6,97,000	48,32,000	5,70,000	...	54,02,000	—3,58,000
28	19,23,000	14,000	90,99,000	+18,56,000	61,08,000	17,95,000	...	79,03,000	—11,96,000
29	2,68,76,000	1,88,000	4,49,24,000	+48,61,000	1,61,61,000	2,49,41,000	...	4,11,02,000	—38,22,000
30	...	...	9,15,000	+2,85,000	5,85,000	...	...	5,85,000	—3,30,000
31	8,95,67,000	6,26,000	44,76,50,000	+3,43,000	35,54,20,000	8,13,44,000	...	43,67,64,000	—1,02,86,000
32	4,96,54,000	3,47,000	8,54,04,000	+17,33,000	3,57,91,000	4,97,13,000	...	8,54,14,000	+10,000
33	13,92,21,000	9,73,000	53,24,54,000	+20,76,000	39,11,21,000	13,10,57,000	...	52,21,78,000	—1,02,76,000
34	30,47,000	22,000	84,53,000	+31,000	60,75,000	29,57,000	...	90,32,000	+5,79,000
35	4,76,000	3,000	4,64,75,000	—7,96,000	4,80,56,000	4,42,000	...	4,94,98,000	+20,23,000
36	...	...	33,95,000	+33,95,000	...	...	...	...	+33,95,000
37	14,27,44,000	9,98,000	59,07,77,000	+49,06,000	44,52,52,000	13,44,56,000	...	57,97,08,000	—1,10,69,000
38	...	...	...	...	...	...	...	...	...
39	...	...	7,000	—2,18,000	50,000	...	...	50,000	+43,000
40	...	...	...	...	...	...	...	...	...
41	...	...	7,000	—2,18,000	50,000	...	...	50,000	+43,000
42	12,19,41,000	8,52,000	30,94,94,000	—3,35,34,000	19,97,76,000	12,38,67,000	..	32,36,43,000	+1,41,49,000
43	38,91,31,000	27,21,000	1,32,49,08,000	—1,57,25,000	97,22,94,000	37,55,17,000	...	1,34,78,11,000	+2,29,03,000

C.—Statement of Receipts and Disbursements of the

	Accounts, 1928-29.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,25,84,52,140	3,16,18,864	1,28,97,71,004
Exchange added to Revenue	39,471	...	39,471
Total	1,25,81,91,611	3,16,18,864	1,28,98,10,475
Railway Capital not charged to Revenue—			
As per Railway Budget	14,794	...	14,794
Public Debt Incurred—			
Permanent Debt—			
Sterling Debt—			
6 per cent. Bonds 1932-33	...	...	
5½ per cent. Stock	...	16,83,246	
4½ per cent. Stock	...	12,30,64,592	
Rupee Debt—			
New Rupee Loan	...	...	
4½ per cent. Bonds, 1934	25,98,05,600	...	
Do. Loan, 1955-60	9,05,69,700	...	
5 per cent. Bonds, 1935	...	...	
Do. Loan 1939-44	...	...	
3½ per cent. Loans	13,15,500	...	
Total	35,16,90,800	12,47,47,838	47,64,38,638
Floating Debt—			
Treasury Bills—			
Issued to Public	22,38,00,000	...	
Issued to Paper Currency Reserve	70,44,10,000	...	
India Bills	...	8,00,00,000	
Temporary Loans	23,50,00,000	...	
Total	1,16,32,10,000	8,00,00,000	1,24,32,10,000
Carried over	2,77,31,07,205	23,63,66,702	

* Sterling converted into Rupees at £1 = Rs. 13⅓.

Central Government, in India and in England—*contd.*

Revised Estimate, 1929-30.			Budget Estimate, 1930-31.		
India.	England.	Total.	India.	England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,27,58,74,000	5,21,69,000	1,32,80,43,000	1,32,02,84,000	3,45,27,000	1,35,48,11,000
3,65,000	...	3,65,000	...	...	...
1,27,62,39,000	5,21,69,000	1,32,84,08,000	1,32,02,84,000	3,45,27,000	1,35,48,11,000
...	...	...	...	...	...
...	7,92,00,000		...	2,62,000	
...	17,90,000		...	19,04,000	
...	18,22,000		...	19,21,000	
...	...		23,50,00,000	...	
...	...		...	...	
...	...		...	...	
8,10,49,000	...		...	...	
29,14,23,000	...		...	...	
4,80,000	...		8,55,000	...	
37,29,52,000	8,28,12,000	45,57,64,000	23,58,55,000	40,87,000	23,99,42,000
53,11,00,000	...		40,00,00,000	...	
61,25,90,000	...		34,50,10,000	...	
...	16,00,00,000		...	8,00,00,000	
12,00,00,000	...		...	...	
1,26,36,90,000	16,00,00,000	1,42,36,90,000	74,50,10,000	8,00,00,000	82,50,10,000
2,91,28,81,000	29,49,81,000		2,30,11,49,000	11,86,14,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1928-29.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Brought forward .	2,77,31,07,205	23,63,66,702	
Unfunded Debt—			
Deposits of Service Funds . . .	9,87,535	32,95,037	
Post Office Cash Certificates . . .	4,90,76,385	...	
Savings Bank Deposits	35,82,82,502	...	
Total .	40,83,46,422	32,95,037	41,16,41,459
Deposits and Advances—			
Provincial Loans Fund	18,95,93,043	...	
Posts and Telegraphs Depreciation Fund .	40,11,332	...	
Deposits of Local Funds—			
District Funds	16,76,71,432	...	
Other Funds	10,19,82,570	...	
Sinking Funds for Central Loans . .	1,53,69,015	...	
Other appropriations for Reduction or Avoidance of Debt	4,06,13,000	...	
Sinking Fund Investment Account . .	2,63,76,044	...	
Sinking Funds for loans granted to local bodies	3,95,661	...	
Gold Standard Reserve . . .	...	65,32,35,244	
Paper Currency Reserve . . .	...	34,43,27,960	
Deposits of Branch Line Companies . .	5,96,826	...	
Road Development Fund . . .	4,50,000	...	
Post Office Cash Certificate Bonus Fund .	...	...	
Departmental and Judicial Deposits . .	94,60,81,619	...	
Advances	27,67,75,466	2,90,889	
Discount Sinking Fund	17,88,000	...	
Suspense	58,80,767	5,96,646	
Exchange on Remittance Accounts . .	16,72,683	...	
Miscellaneous	5,00,411	1,52,86,075	
Military Reserve Fund	26,06,737	...	
Total .	1,78,23,64,606	1,01,37,36,814	2,79,61,01,420
Railway Depreciation and Reserve Funds as per Railway Budget . . .	14,57,71,990	...	14,57,71,990
Carried over .	5,10,95,80,223	1,25,33,98,553	

* Sterling converted into Rupees at £1 = Rs. 13⅓.

Central Government, in India and in England—*contd.*

Revised Estimate, 1929-30.			Budget Estimate, 1930-31.		
India.	† England.	Total.	India.	† England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,91,28,81,000	29,49,81,000		2,30,11,49,000	11,86,14,000	
9,59,000	37,34,000		9,52,000	15,52,000	
7,25,00,000	...		7,00,00,000	...	
37,27,41,000	5,67,33,000		38,75,31,000	...	
44,62,00,000	6,04,67,000	50,66,67,000	45,84,83,000	15,52,000	46,00,35,000
31,04,78,000	...		16,94,36,000	...	
42,43,000	...		45,86,000	...	
16,95,86,000	...		17,11,45,000	...	
10,41,71,000	...		10,27,21,000	...	
1,60,20,000	...		2,13,00,000	...	
4,37,83,000	...		4,20,49,000	...	
12,95,000	...		...	...	
4,12,000	...		4,28,000	...	
...	72,09,65,000		...	77,00,40,000	
...	38,51,72,000		...	13,06,68,000	
4,00,000	...		8,00,000	...	
1,04,39,000	...		1,08,00,000	...	
...	...		88,00,000	...	
91,84,08,000	...		92,32,99,000	...	
32,34,83,000	1,58,000		27,99,85,000	1,19,000	
29,27,000	...		46,06,000	...	
6,43,81,000	14,67,000		8,01,72,000	7,51,000	
24,64,000	...		...	...	
14,72,000	1,50,06,000		47,45,000	1,48,11,000	
33,95,000	...		...	...	
1,97,73,57,000	1,11,98,34,000	3,09,71,91,000	1,82,48,72,000	91,63,89,000	2,74,12,61,000
12,60,00,000	...	12,60,00,000	13,58,95,000	...	13,58,95,000
5,46,24,38,000	1,47,52,82,000		4,72,03,99,000	1,03,65,55,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1928-29.		
	India.	England.*	Total.
	Rs.	Rs.	Rs.
Brought forward .	5,10,95,90,223	1,25,33,98,553	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund .	...	...	
Other Loans and Advances . .	82,70,618	...	
Total	82,70,618	...	82,70,618
Remittances—			
Remittances within India—			
Inland Money Orders	97,69,08,112	...	
Other Local Remittances . .	25,11,440	...	
Other Departmental Accounts . .	646	...	
Net Receipts by Civil Treasuries from—			
Railways	4,09,77,298	...	
Posts and Telegraphs . . .	74,93,621	...	
Net Receipts from Civil Treasuries by—			
Army, Marine and Military Engineer Services	38,65,76,205	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	97,26,000	
Sale of Silver	...	3,45,89,687	
Other transactions	2,72,22,707	3,76,93,351	
Remittances from India for financing Home Treasury	...	41,08,00,000	
Transfers through the Paper Currency Reserve	6,91,99,983	...	
Total .	1,51,08,90,012	49,28,09,038	2,00,36,99,050
Balances of Provincial Governments	3,09,07,480	...	3,09,07,480
Total Receipts	6,65,96,58,333	1,74,62,07,591 (a)	
Opening Balance . . .	9,16,10,089	7,54,87,402	
GRAND TOTAL .	6,75,12,68,422	1,82,16,94,993	

* Sterling converted into Rupees at £1 = Rs. 13⅓.

(a) Of this amount, £ 4,028 represents the funds of the Gold Standard Reserve.

Central Government, in India and in England—*contd.*

Revised Estimate, 1929-30.			Budget Estimate, 1930-31.		
India.	England.	Total.	India.	England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
5,46,24,38,000	1,47,52,82,000		4,72,03,99,000	1,03,65,55,000	
7,00,99,000	...		...	...	
88,51,000	...		88,53,000	...	
7,89,50,000	...	7,89,50,000	88,53,000	...	88,53,000
98,74,00,000	...		99,89,00,000	...	
3,70,000	...		2,84,000	...	
3,36,58,000	...		3,16,66,000	...	
3,55,83,000	...		10,07,05,000	...	
1,28,02,000	...		58,67,000	...	
38,25,87,000	...		38,52,23,000	...	
...	77,04,000		...	77,20,000	
...	5,02,12,000		...	66,68,000	
1,75,24,000	3,77,87,000		1,72,74,000	2,87,48,000	
...	25,40,00,000		...	42,40,00,000	
5,06,00,000	12,66,68,000		66,68,000	...	
1,52,05,24,000	47,63,71,000	1,99,68,95,000	1,54,95,87,000	46,71,36,000	2,01,37,23,000
...	...	...	1,49,48,000	...	*1,49,48,000*
7,06,19,12,000	1,95,16,53,000 (*b*)		6,29,07,87,000	1,50,36,91,000 (*b*)	
9,20,46,097	6,99,36,668		17,79,20,097	9,30,41,668	
7,15,39,58,097	2,02,15,89,668		6,46,87,07,097	1,59,67,32,668	

(*b*) Of this amount, £3,042 represents the funds of the Gold Standard Reserve.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1928-29.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	92,78,33,590	36,46,62,839	1,29,24,96,429
Exchange charged as Expenditure	4,68,048	...	4,68,048
Total	92,83,01,638	36,46,62,839	1,29,29,64,477
Irrigation, Posts and Telegraphs and other Capital outlay not charged to Revenue—			
Security Printing Press	—4,75,524	...	—4,75,524
Irrigation, etc., Works	36,040	...	36,040
Posts and Telegraphs	42,79,865	10,53,320	53,33,185
Vizagapatam Port	26,33,543	2,89,821	29,23,364
Light-houses and Light ships	...	...	...
Currency	2,94,959	42,055	3,37,014
Initial Expenditure on New Capital at Delhi	32,01,737	4,62,886	36,64,623
Payment of Commuted value of Pensions	36,09,034	...	36,09,034
Bombay Land Scheme	...	...	...
Total	1,35,79,654	18,48,082	1,54,27,736
Railway Capital not charged to Revenue—			
As per Railway Budget	15,66,58,409	13,68,48,339	29,35,06,748
Public Debt Discharged—			
Permanent Debt—			
Sterling Debt—			
7 p. c. Stock	...	15,220	
State Railway annuities	...	1,92,28,689	
Do. Do. Sinking Funds	...	26,66,667	
Liabilities in respect of British War Loan (1929-47)	...	75,22,551	
Rupee Debt—			
6 p. c. Bonds, 1930	...	...	
Do. Do. 1931	...	...	
Do. Do. 1932	...	...	
Other 6 p. c. Bonds	17,53,900	...	
5½ p. c. War Bonds, 1928	16,32,04,050	..	
Other 5½ p. c. War Bonds	2,80,175	...	
5 p. c. Loan, 1945-55	...	...	
4 p. c. Terminable Loan	34,700	...	
5 p. c. Loan, 1939-44	...	...	
Other Loans	15,41,946	...	
Total	16,68,14,771	2,94,33,127	19,62,47,898
Carried over	1,24,53,54,472	53,27,92,387	

*Sterling converted into Rupees at £1 = Rs. 13⅓.

Central Government, in India and in England—*contd.*

Revised Estimate, 1929-30.			Budget Estimate, 1930-31.		
India.	England.	Total.	India.	England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
93,30,56,000	38,91,31,000	1,32,21,87,000	97,22,94,000	37,55,17,000	1,34,78,11,000
27,21,000	...	27,21,000	...	...	...
93,57,77,000	38,91,31,000	1,32,49,08,000	97,22,94,000	37,55,17,000	1,34,78,11,000
23,000	...	23,000	45,000	...	45,000
2,53,000	...	2,53,000	1,01,000	...	1,01,000
45,18,000	6,95,000	52,13,000	60,44,000	8,27,000	68,71,000
30,00,000	4,50,000	34,50,000	33,00,000	1,20,000	34,20,000
—3,36,000	3,36,000	...	—5,44,000	5,44,000	...
1,19,000	39,000	1,58,000	1,88,000	...	1,88,000
62,71,000	5,03,000	67,74,000	49,41,000	2,43,000	51,84,000
35,24,000	...	35,24,000	33,59,000	...	33,59,000
...	...	...	2,05,22,000	...	2,05,22,000
1,73,72,000	20,23,000	1,93,95,000	3,79,56,000	17,34,000	3,96,90,000
14,26,84,000	16,93,73,000	31,20,57,000	12,39,00,000	4,36,00,000	16,75,00,000
...	...		...	...	
...	1,98,95,000		...	2,05,85,000	
...	26,67,000		...	26,67,000	
...	78,92,000		...	82,85,000	
13,51,06,000	...		15,50,00,000	...	
3,94,62,000	...		...	...	
4,85,60,000	...		...	...	
5,20,000	...		3,00,000	...	
15,50,000	...		7,50,000	...	
1,29,000	...		1,50,000	...	
13,00,000	...		...	...	
8,000	...		5,000	...	
...	...		46,00,000	...	
5,62,000	...		10,00,000	...	
22,71,97,000	3,04,54,000	25,76,51,000	16,18,05,000	3,15,37,000	19,33,42,000
1,32,30,30,000	59,09,81,000		1,29,59,55,000	45,23,88,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1928-29.		
	India.	England.	Total.
	Rs.	Rs.	Rs
Brought forward	1,26,53,54,472	53,27,92,387	
Floating Debt—			
Treasury Bills—			
Issued to Public	25,97,25,000	...	
Do. Paper Currency Reserve	63,22,60,000	...	
India Bills	...	8,00,00,000	
Temporary Loans	23,50,00,000	...	
Total	1,12,69,85,000	8,00,00,000	1,20,69,85,000
Unfunded Debt—			
Special Loans	36,689	....	
Deposits of Service Funds	13,55,073	35,728	
Post Office Cash Certificates	3,30,26,312	...	
Savings Bank Deposits	29,30,92,361	...	
Total	32,75,10,435	35,728	32,75,46,163
Deposits and Advances—			
Provincial Loans Fund	18,95,03,074	...	
Posts and Telegraphs Depreciation Fund	2,94,460	...	
Deposits of Local Funds—			
District Funds	16,94,21,410	...	
Other Funds	10,19,06,126	...	
Sinking Funds for Central Loans	...	...	
Sinking Fund Investment Account	4,16,04,750	...	
Gold Standard Reserve		65,32,48,391	
Paper Currency Reserve		34,43,27,960	
Deposits of Branch Line Companies	6,95,977	...	
Road Development Fund	...	...	
Departmental and Judicial Deposits	92,92,84,886	...	
Advances	27,36,30,133	2,31,852	
Discount Sinking Fund	1,19,29,322	...	
Gain or loss on revaluation, sale, transfer, etc. of assets of the Paper Currency Reserve	3,41,82,483	...	
Suspense	3,92,03,791	8,04,246	
Miscellaneous	11,43,465	1,52,72,575	
Revenue Reserve Fund	74,14,886	...	
Military Reserve Fund	...	...	
Total	1,80,02,14,763	1,01,38,85,024	2,81,40,99,787
Railway Depreciation and Reserve Funds as per Railway Budget	9,59,84,100	...	9,59,84,100
Carried over	4,61,60,48,770	1,62,67,13,139	

* Sterling converted into Rupees at £1 = Rs. 13⅓.

Central Government, in India and in England—*contd.*

Revised Estimate, 1929-30.			Budget Estimate, 1930-31.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,32,30,30,000	59,09,81,000		1,29,59,55,000	45,23,88,000	
33,10,50,000	...		44,00,00,000	...	
65,91,10,000	...		34,50,10,000	...	
...	8,00,00,000		...	8,00,00,000	
12,00,00,000	...		...	...	
1,11,01,60,000	8,00,00,000	1,19,01,60,000	78,50,10,000	8,00,00,000	86,50,10,000
37,000	...		37,000	...	
13,71,000	1,01,000		14,02,000	1,82,000	
4,30,00,000	...		4,60,00,000	...	
29,10,66,000	3,06,66,000		29,26,95,000	2,60,67,000	
33,54,74,000	3,07,67,000	36,62,41,000	34,01,34,000	2,62,49,000	36,63,83,000
31,02,49,000	...		16,97,47,000	...	
1,75,000	...		1,82,000	...	
17,07,91,000	...		17,13,03,000	...	
10,43,71,000	...		10,32,21,000	...	
13,19,000	...		43,71,000	...	
1,61,37,000	...		1,69,29,000	...	
...	72,09,65,000		...	77,00,40,000	
...	38,51,72,000		...	13,06,68,000	
3,50,000	...		5,50,000	...	
48,65,000	...		91,30,000	...	
93,48,67,000	...		92,98,28,000	...	
32,57,73,000	1,46,000		28,05,12,000	1,19,000	
1,77,59,000	...		...	...	
6,38,00,000	...		...	...	
4,72,59,000	8,56,000		8,07,33,000	7,30,000	
2,000	1,50,94,000		...	1,48,11,000	
...	...		...	...	
...	...		26,07,000	...	
1,99,77,17,000	1,12,22,33,000	3,11,99,50,000	1,76,91,13,000	91,63,68,000	2,68,54,81,000
12,36,30,000	...	12,36,30,000	8,50,00,000	...	8,50,00,000
4,89,00,11,000	1,82,39,81,000		4,27,52,12,000	1,47,50,05,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1928-29.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Brought forward	4,61,60,48,770	1,62,67,13,139	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	11,14,08,000	...	
Other Loans and Advances	2,40,86,668	...	
Total	13,54,94,668	...	13,54,94,668
Remittances—			
Remittances within India—			
Inland Money Orders	97,45,85,666	...	
Other Local Remittances	...	...	
Other Departmental Accounts	1,14,268	...	
Net Payments into Civil Treasuries by—			
Railways	4,23,56,401	...	
Posts and Telegraphs	78,09,053	...	
Net Issues from Civil Treasuries to—			
Army, Marine and Military Engineer Services	38,50,04,963	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	97,26,000	...	
Sale of Silver	3,45,89,687	...	
Other transactions	4,26,92,849	1,92,54,077	
Remittances from India for financing Home Treasury	41,08,00,000	...	
Transfers through the Paper Currency Reserve	...	6,91,99,983	
Total	1,90,76,78,887	8,84,54,060	1,99,61,32,947
Balances of Provincial Governments	...	3,65,91,126	3,65,91,126
Total Disbursements	6,65,92,22,325	1,75,17,58,325 (b)	
Closing Balance	9,20,46,097	6,99,36,668	
GRAND TOTAL	6,75,12,68,422	1,82,16,94,993	

*Sterling converted into Rupees at £1 = Rs. 13⅓.

(b) Of this amount, £3,042 represents the

Central Government, in India and in England—*concld.*

Revised Estimate, 1929-30.			Budget Estimate, 1930-31.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,89,00,11,000	1,82,39,81,000		4,27,52,12,000	1,47,50,05,000	
11,90,21,000	...		5,32,25,000	...	
2,96,53,000	...		2,29,90,000	...	
14,86,74,000	...	14,86,74,000	7,62,15,000	...	7,62,15,000
98,69,00,000	...		99,84,00,000	...	
2,09,000	...		3,36,000	...	
3,35,77,000	...		3,16,19,000	...	
3,55,83,000	...		10,07,05,000	...	
1,28,02,000	...		58,67,000	...	
38,25,87,000	...		38,52,23,000	...	
77,04,000	...		77,20,000	...	
5,02,12,000	...		66,68,000	...	
3,77,87,000	1,75,24,000		2,87,48,000	1,72,74,000	
25,40,00,000	...		42,40,00,000	...	
12,66,68,000	5,06,00,000		...	66,68,000	
1,92,80,29,000	6,81,24,000	1,99,61,53,000	1,98,92,86,000	2,39,42,000	2,01,32,28,000
93,24,000	3,64,43,000	4,57,67,000	...	4,10,61,000	4,10,61,000
6,97,60,38,000	1,92,85,48,000 (b)		6,34,07,13,000	1,54,00,08,000 (b)	
17,79,20,097	9,30,41,668		12,79,94,097	5,67,24,668	
7,15,39,58,097	2,02,15,89,668		6,46,87,07,097	1,59,67,32,668	

funds of the Gold Standard Reserve.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	Accounts, 1928-29.		Revised Estimate, 1929-30.		Budget Estimate, 1930-31.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	48,24,41,723	...	50,01,40,000	...	53,49,67,000	...
Taxes on Income	16,01,32,084	...	16,37,59,000	...	17,23,89,000	...
Salt	6,36,67,065	...	5,44,32,000	...	5,73,16,000	...
Opium	2,71,64,155	...	2,59,17,000	...	2,07,23,000	...
Other Heads	1,62,48,448	...	1,65,16,000	...	1,65,56,000	...
Total	75,06,59,475	...	76,07,64,000	...	80,19,51,000	...
Forest and other Capital Outlay charged to Revenue	...	3,62,465	...	5,21,000	...	6,33,000
Irrigation	...	12,84,507	...	17,61,000	...	11,46,000
Railways	5,23,19,457	...	6,11,86,000	...	5,73,57,000	...
Posts and Telegraphs	...	74,22,462	...	73,12,000	...	71,21,000
Debt Services	...	12,82,40,836	...	12,19,10,000	...	14,36,27,000
Civil Administration	...	10,43,57,796	...	11,55,66,000	...	12,20,15,000
Currency and Mint	2,16,70,906	...	2,11,12,000	...	2,11,49,000	...
Civil Works	...	1,42,23,559	...	2,38,90,000	...	2,54,89,000
Miscellaneous	...	3,16,45,425	...	3,66,18,000	...	3,30,76,000
Military Services	...	55,10,00,000	...	55,10,00,000	...	54,35,00,000
Provincial Contributions and Miscellaneous adjustments between Central and Provincial Governments.	2,01,690	...	...	...	...	...
Extraordinary Items	1,03,41,520	...	1,90,16,000	...	31,50,000	...
Total	83,52,83,048	83,84,37,050	86,20,78,000	85,85,78,000	88,36,07,000	87,66,07,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*concld.*

Revenue and Expenditure.	Accounts, 1928-29.		Revised Estimate, 1929-30.		Budget Estimate, 1930-31.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus or deficit	...	31,54,002	35,00,000	...	70,00,000	...
Capital Account—						
Capital outlay on Security Printing Press	...	—4,75,524	...	23,000	...	45,000
Railway Capital not charged to Revenue	14,794	29,35,06,748	...	31,20,57,000	...	16,75,60,000
Construction of Irrigation Works	...	36,040	...	2,53,000	...	1,01,000
Capital outlay on Posts and Telegraphs	...	53,23,185	...	52,13,000	...	69,71,000
Capital outlay on Vizagapatam Port	...	29,23,364	...	34,50,000	...	34,20,000
Capital outlay on Light houses and Light ships	...	...	...	...	...	...
Currency Capital outlay	...	3,57,014	...	1,56,000	...	1,88,000
Initial expenditure on New Capital at Delhi	...	36,64,623	...	67,74,000	...	51,84,000
Payment of commuted value of pensions	...	36,09,034	...	35,24,000	...	33,59,000
Capital Outlay on Bombay Land Scheme	...	...	...	...	...	2,05,22,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	28,01,90,740	...	19,81,13,000	...	4,66,00,000	...
Floating Debt	3,62,25,000	...	23,35,30,000	...	...	4,00,00,000
Unfunded Debt	8,40,95,396	...	14,64,26,000	...	9,36,52,000	...
Deposits and Advances	3,17,89,523	...	...	2,03,89,000	10,66,75,000	...
Loans and Advances by Central Government	...	12,72,24,050	...	6,97,24,000	...	6,73,62,000
Remittances	75,66,163	...	7,42,000	...	4,95,000	...
Balances of Provincial Governments	...	56,83,646	...	4,57,67,000	...	2,61,13,000
Opening Balance	16,70,97,491	...	16,19,82,765	...	27,09,61,765	...
Closing Balance	...	16,19,82,765	...	27,09,61,765	...	18,47,18,765
Total	60,69,78,947	60,69,78,947	73,82,93,765	73,82,93,765	52,53,83,765	52,53,83,765

THE INDIAN FINANCE BILL.

INTRODUCED IN THE LEGISLATIVE ASSEMBLY ON THE 28TH FEBRUARY, 1930.

A Bill further to amend the Sea Customs Act, 1878, to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, and further to amend the Indian Paper Currency Act, 1923, and the Indian Finance Act, 1926.

VIII of 1878. WHEREAS it is expedient further to amend the Sea Customs Act, 1878, to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian VIII of 1894. Tariff Act, 1894, to fix maximum rates of postage under the Indian Post VI of 1898. Office Act, 1898, to fix rates of income-tax, to vary the excise duty on XII of 1922. kerosene leviable under the Indian Finance Act, 1922, and further to amend X of 1923. the Indian Paper Currency Act, 1923, and the Indian Finance Act, 1926; XIX of 1926 it is hereby enacted as follows :—

Short title, extent and duration.

1. (*1*) This Act may be called the Indian Finance Act, 1930.

(*2*) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(*3*) Sections 3 and 5 shall remain in force only up to the 31st day of March 1931.

VIII of 1878. Amendment of section 42, Act VIII of 1878.

2. In section 42 of the Sea Customs Act, 1878, after the words "seven-eighths" the words "or, in the case of silver bullion, the whole" shall be inserted.

XII of 1882. Fixation of salt duty.

3. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, with effect from the 1st day of April, 1930, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

Amendment of Schedules II and III to Act VIII of 1894.

4. The amendments specified in the First Schedule to this Act shall be made in Schedules II and III to the Indian Tariff Act, 1894.

VIII of 1894.

Postal rates.

5. With effect from the 1st day of April, 1930, the schedule contained in the Second Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act.

VI of 1898.

Income-tax and super-tax.

6. (*1*) Income-tax for the year beginning on the 1st day of April, 1930, shall be charged at the rates specified in Part I of the Third Schedule.

(*2*) The rates of super-tax for the year beginning on the 1st day of April, 1930, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Third Schedule. XI of 1922.

(*3*) For the purposes of the Third Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922. XI of 1922.

Amendment of section 5, Act XII of 1922.

7. In the proviso to section 5 of the Indian Finance Act, 1922, for the words "one anna" the words "one anna and six pies" shall be substituted. XII of 1922.

Amendment of section 19, Act X of 1923.

8. In sub-section (7) of section 19 of the Indian Paper Currency Act, 1923, for the figures "1930" the figures "1931" shall be substituted. X of 1923.

Repeal of section 7, Act XIX of 1926.

9. With effect from the 1st day of April, 1930, section 7 of the Indian Finance Act, 1926, shall be repealed. XIX of 1926.

It is hereby declared that it is expedient in the public interest that the provisions of clauses 4 and 7 of this Bill should have temporary effect under the provisions of the Provisional Collection of Taxes Act, 1918. XVI of 1918.

SCHEDULE I.

Amendments to be made in Schedules II and III to the Indian Tariff Act, 1894.

[*See Section 4.*]

1. In Item No. 19 of Schedule II, the words " nickel, bronze, and copper " shall be omitted.

2. In Item No. 20 of Schedule II, the words " and silver ", in both places where they occur, shall be omitted.

3. For Item No. 34 of Schedule II, the following shall be substituted, namely :—

			Rs. A.
"34	SUGAR, excluding confectionery (*see* No. 124)—		
	(1) Sugar, crystallised or soft 23 Dutch Standard and above.	Cwt. . .	6 0
	(2) Sugar, crystallised or soft inferior to 23 Dutch Standard but not inferior to 8 Dutch Standard.	Cwt. . .	5 8
	(3) Sugar, below 8 Dutch Standard and sugar candy.	*Ad valorem* .	25 per cent. *plus* one Rupee and eight annas per cwt.
	(4) Molasses . . .	*Ad valorem* .	25 per cent. "

4. In Item No. 40 of Schedule II, for the words " six pies " the words " three pies " shall be substituted.

5. After Item No. 43B of Schedule II, the following heading and item shall be inserted, namely :—

" METALS.

43 B B	SILVER BULLION and coin, not otherwise specified, and silver sheets and plates which have undergone no process of manufacture subsequent to rolling.	Ounce . .	Four annas."

6. Item No. 45 of Schedule II shall be omitted.

7. In Item No. 4 of Schedule III, for the figures " 0 3 " the words " Two annas and three pies " shall be substituted.

SCHEDULE II.

Schedule to be inserted in the Indian Post Office Act, 1898.

[*See section 5.*]

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[*See section 7.*]

Letters.

For a weight not exceeding two and a half tolas	One anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas	One anna.

Postcards.

Single	Half an anna.
Reply	One anna.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof	Half an anna.

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."

SCHEDULE III.

[*See section 6.*]

PART I.

Rates of Income-tax.

	Rate.
A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(1) When the total income is less than Rs. 2,000	*Nil.*
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	Nine pies in the rupee.
(5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	Ten pies in the rupee.
(6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and one pie in the rupee.
(7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and four pies in the rupee.
(8) When the total income is Rs. 40,000 or upwards	One anna and seven pies in the ruppee.
B. In the case of every company and registered firm, whatever its total income.	One anna and seven pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income—

	Rate.
(1) in the case of every company	One anna in the rupee.
(2) (*a*) in the case of every Hindu undivided family—	
(*i*) in respect of the first twenty-five thousand rupees of the excess	*Nil.*
(*ii*) for every rupee of the next twenty-five thousand rupees of such excess.	One anna and one pie in the rupee.
(*b*) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company, for every rupee of the first fifty thousand rupees of such excess.	One anna and one pie in the rupee.
(*c*) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(*i*) for every rupee of the second fifty thousand rupees of such excess.	One anna and seven pies in the rupee.
(*ii*) for every rupee of the next fifty thousand rupees of such excess	Two annas and one pie in the rupee.
(*iii*) for every rupee of the next fifty thousand rupees of such excess	Two annas and seven pies in the rupee.
(*iv*) for every rupee of the next fifty thousand rupees of such excess	Three annas and one pie in the rupee.
(*v*) for every rupee of the next fifty thousand rupees of such excess	Three annas and seven pies in the rupee.
(*vi*) for every rupee of the next fifty thousand rupees of such excess	Four annas and one pie in the rupee.
(*vii*) for every rupee of the next fifty thousand rupees of such excess	Four annas and seven pies in the rupee.
(*viii*) for every rupee of the next fifty thousand rupees of such excess	Five annas and one pie in the rupee.
(*ix*) for every rupee of the next fifty thousand rupees of such excess	Five annas and seven pies in the rupee.
(*x*) for every rupee of the remainder of the excess . . .	Six annas and one pie in the rupee.

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to continue certain provisions of the Indian Finance Act, 1929, which would otherwise cease to have effect from the 1st April 1930 ; to levy an import duty on silver subject to a full drawback ; to raise the import duties on sugar and cotton piece-goods ; to raise the export duty and reduce the import duty on kerosene ; to reduce the export duty on rice ; to increase the rates of income-tax and super-tax in certain grades ; and to enable Reparation receipts to be appropriated to revenue. The new measures have been explained at length in my budget speech. The following is a brief explanation of the individual provisions.

2. Clauses 3 and 5 provide for the continuance, for a further period of one year, of the rates of salt duty and postage prescribed by the Indian Finance Act, 1929, while clause 8 provides for the credit to revenue, till the 31st March 1931, of interest on securities forming part of the Paper Currency Reserve.

3. Clause 4 provides for the following alterations in customs tariff :—

(i) Levy of an import duty of 4 annas an ounce on silver bullion and coin as specified in Schedule I, with a full drawback in the case of re-exports, which is provided by clause 2. This is expected to yield Rs. 1 crore in 1930-31.

(*ii*) Increase of the import duty on all kinds of sugar and sugar candy, but not molasses, by Re. 1-8-0 per cwt. In the case of sugar below 8 Dutch Standard and sugar candy, this will mean the levy of a composite duty of 25 per cent. *ad valorem* plus Re. 1-8-0 per cwt. This is calculated to yield Rs. 1,80 lakhs in 1930-31.

(*iii*) Increase in the import duty on cotton piece-goods from 11 per cent. to 15 per cent. *ad valorem*, which is expected to bring in Rs. 1,25 lakhs next year.

(*iv*) Reduction in the import duty on kerosene from 2½ annas to 2¼ annas a gallon. This is coupled with the increase in the corresponding excise duty from 1 anna to 1½ annas a gallon which is provided for in clause 7. While the latter measure will yield an additional 50 lakhs, the former will cost Rs. 15 lakhs in 1930-31, but will help generally to keep down the price.

(*v*) Reduction in the export duty on rice from 3 annas to 2¼ annas a maund which will cost Rs. 30 lakhs to Government next year but is designed to remove the disparity, which at present exists, between the Indian export duty and that imposed by Siam.

4. Clause 6 provides for the continuance for another year of the rates of income-tax and super-tax prescribed by the Indian Finance Act, 1929, with an increase of a pie in the rupee in rates of

(*i*) income-tax on incomes of Rs. 15,000 and upwards, and

(*ii*) super-tax with the exception of companies' super-tax.

This addition is expected to yield a revenue of Rs. 70 lakhs in 1930-31.

5. Clause 9 seeks to repeal section 7 of the Indian Finance Act, 1926, which requires that Reparation receipts subject to certain reductions should be appropriated for the reduction or avoidance of public debt. The repeal will release the receipts for revenue purposes. The amount which will be so released in 1930-31 will be Rs. 32 lakhs.

The 28th February, 1930. GEORGE SCHUSTER.

Speech of the Financial Secretary in the Council of State on the 28th February 1930.

THE HONOURABLE SIR ARTHUR McWATTERS (Finance Secretary): Sir, I rise to present the statement of the estimated revenue and expenditure of the Governor General in Council for the year 1930-31 in respect of subjects other than Railways. Sir, it is six years since I first had the honour to present the Budget of the Government of India in this House, and I am glad in more ways than one to find myself back after an interval in the same position and particularly because it enables me, I think, more easily to present to the House the picture of the present day in its proper perspective. The retrospect of the last few years is unusually important on the present occasion, because the main problem which presents itself is whether the gap which has been caused by the remission of the provincial contributions in 1927 has been made up or not, and it is a study of the last few years which enables us to obtain the basic position of the present day.

I will begin with a short account of the year 1928-29 of which we now have the final accounts. It was estimated a year ago that that year would close with a small surplus of 30 lakhs, but it was made clear at the time that this was due to certain fortuitous circumstances, the most important of which were a throw-forward of the land customs revenue and anticipatory collections of salt revenue due to speculation. Actually the accounts show that the position is a good deal worse, owing mainly to shortage in collection of customs during February and March 1929 and also because as a result of the raising of the Bank of England rate to 5½ per cent. in February 1929 we had to revalue our securities in the Gold Standard Reserve at a lower rate than we had expected, and we were able to obtain as revenue a much smaller sum from this source. But the result is that we really now obtain a picture of the year 1928-29 more in its true colours, and the result is, instead of a surplus of 30 lakhs, a deficit of 106 lakhs, and instead of being able to add 30 lakhs to the revenue reserve fund which stood at 74 lakhs at the beginning of the year, the whole of the revenue reserve fund has been absorbed in meeting the deficit and we are left with an uncovered deficit for that year of 32 lakhs.

I now pass to the current year. It is within the knowledge of every Member of this House that we have had in the current year a number of factors to deal with which have been extremely difficult. There have been factors both in India and outside. In India we have had shortage of rain in some areas and floods in others, but, more important than all, we have had an atmosphere of political uncertainty which has placed an obstacle in the way of commercial enterprise and has made itself felt in our financial position at every turn. When these clouds blow away, as we all trust and expect that they will in the near future, the financial position of the country will be immeasurably improved. As regards external factors, by far the most important was the orgy of speculation which took place in the stock exchanges of the United States of America which resulted in the flow of large amounts of capital from all over the world to America at extremely high rates of interest. It was followed in October by a sensational collapse as a result of which there has been prolonged business depression in America which has contributed to the great fall in commodity prices everywhere. In India we have felt the effect of the monetary conditions all through the year and now we are beginning to feel more and more the effect of the great fall in world prices. As a matter of fact, if you take the first nine months of the current year, the balance of trade in India's favour has been considerably more than in the

two preceding years. But if you look at the figures in detail, we shall see that exports declined by 8½ crores while imports declined by 4½ only. And the balance of trade in India's favour was due solely to there being smaller imports of treasure. Turning to our revised estimates for the year, we have first of all the fact that there is no revenue reserve fund available to meet the deficit of 90 lakhs which was provided for in the Budget. We have to add to that a further deterioration, taking all our heads together, of 66 lakhs which would point to a deficit in the current year of 156 lakhs. The position would have been very much worse but for two exceptional circumstances. The first again was the Gold Standard Reserve, where owing to very high rates of interest in the course of the year, we were able to obtain much larger receipts to revenue on this occasion and the second was the phenomenal imports of sugar from which we expect to earn no less than 835 lakhs of revenue which means 135 more than we budgeted for. Our accounts, as a matter of fact, will not show either a surplus or a deficit because we are enabled to take to revenue a large amount—156 lakhs in fact—which was lying in suspense in the German Liquidation Account. As a result of the arrangements recently arrived at at the Hague we are now enabled to take that sum to revenue so that the year will close on the figures I have given without either a surplus or a deficit. But if we look back over the last three years, in the year 1927-28 there was a deficit of 221 lakhs, in the year 1928-29 as I have stated there was a deficit of 106 lakhs, and in the current year there would have been a deficit of 156 lakhs, if there had not been these exceptional receipts from the German Liquidation Account. I think the conclusion is inevitable that the gap which was caused by the remission of contributions in 1927 has not yet been made up. And this brings me to the Budget for the coming year.

Budgeting as we had to do in the conditions which I have just described and which are still continuing, we have not been able to take an unduly optimistic view. We have, in fact, budgeted with what I should call moderate caution. Taking our main sources of taxation we estimate that after allowing for the reduction in our opium revenue which declines as the House knows from year to year, we expect to get an increase of 5 lakhs only from these main sources. But it is when we come to consider the main commercial departments—the Posts and Telegraphs and the Railways—that a serious deterioration has to be allowed for. From the Railways under the operation of the Convention we shall get in the next year 51 lakhs less than was budgeted for in the current year. As regards the Posts and Telegraphs, the experience of the current year has shown us that they have been running on a substantial loss and we have had to allow 48 lakhs less than in the current year's Budget. So that on these two heads alone, we anticipate a deterioration of 99 lakhs. I now come to the expenditure side. Government's expenditure can be clearly divided into two main classes. The first is our normal administrative expenditure, where we have some choice at any rate between economy and retrenchment on the one hand or a forward policy on the other. And the principle which the Honourable the Finance Member has followed in preparing this Budget has been to admit only such new items as are either essential or productive, and even then only to admit them if they can be counterbalanced by corresponding economies elsewhere. The House will no doubt have followed the proceedings of the Standing Finance Committee and they will have been able to obtain a very fair idea of the type of expenditure which we have admitted. There is, first of all, of course, an unavoidable growth in the pay of our establishments owing to normal increments. As Members know, most of our establishments are now on time scales of pay and we have not yet reached the

peak. As regards other items, I should like to mention a few which, I think, will interest the House. First of all, there is the obligatory item of 11 lakhs for the census for which preparations have to be made this year. There is 7 lakhs to be provided for the Banking Enquiry Committee ; an additional 5 lakhs for the Labour Commission. Then there is a big item of 24½ lakhs for civil aviation. But I should like to point out here that the greater part of the ground organisation and the meteorological services which come within this grant were really inevitable in any case if we were to fulfil our international obligations. And it is impossible not to contemplate large expenditure on civil aviation if the country is not to lag behind in this modern development. Then, there is another item which I think would interest the House—a grant of 5 lakhs to the Aligarh University, which is in accordance with promises which have been made to the Legislature. We have for the first time in the Budget the recurring grant of 5 lakhs to the Agricultural Research Council, in addition to the 2½ lakhs on their establishment expenses, and there is one extra item in the same connection to which I want to draw special attention,—we have allowed 10 lakhs for special measures for the production of sugar and sugar research. There is also an additional 5 lakhs in addition to the previous 10 lakhs that has been allowed in previous years for carrying out further the schemes of the Territorial Force Committee. Besides these there are a large number of items dealing with administration in the areas under the Central Government, nearly all of which are of a beneficial or productive character, such as reclamation in the Andamans, timber extraction in the Andamans, forest conservancy in the North-West Frontier Province, agriculture in Baluchistan, and so on, and I think that the description I have given of some of these main items is sufficient to show the House how far they fulfil the criteria which the Finance Member has laid down. The total amount of new items included in the Budget is Rs. 146 lakhs and we have been able to effect economies practically corresponding to this, first of 62 lakhs in Civil Administration, which represents of course in a large measure non-recurring items of the previous year which no longer will be included in the present year's Budget and secondly of a reduction in the Military Budget of Rs. 80 lakhs. This requires a little explanation. As the House knows, the Military Budget is a contract Budget of 55 crores for a period of years of which two more are still to run. This arrangement was made in order to allow of the carrying out of certain schemes of reorganisation and re-equipment. It has been arranged now with His Excellency the Commander-in-Chief that the contract Budget will extend over three years more instead of two, but at a rate Rs. 80 lakhs lower than the previous 55 crores. I think that this is eminently satisfactory. It will not in any way prevent the carrying out of the schemes of reorganisation and re-equipment but it will be fairer to the tax-payer of to-day and it also does point the way to the ultimate economies which we hope to make when the contract period comes to an end.

I now turn to the second class of expenditure connected mainly with our debt services and financial security. This expenditure is not in the same category as the other class. It is not a question between economy and extravagance. The expenditure is either obligatory or else it is accepted solely with the object of improving our credit. There are one or two items under this head to which I want to draw special attention. First of all, there is the Interest on our ordinary debt. Here, partly as a result of larger sales of Treasury Bills and partly because we have to allow for larger conversion operations, we have an increase over the current year's Budget of Rs. 46 lakhs. As regards Interest on other obligations, which includes the amounts that we have to set aside for meeting the bonuses on cash certificates and paying interest on

Provident Funds, and items of that kind, we have to allow an extra 61 lakhs. Interest on Provident Funds, I may mention, has recently been increased to 5 per cent. These two items account for an increased expenditure of 107 lakhs. At this point I should like to mention our Interest receipts. The figure in the Budget for Interest receipts will be the same as in the current year's Budget, but we are introducing an important change of procedure in connection with the Gold Standard Reserve to which I have already referred twice this afternoon. The receipts from the Gold Standard Reserve have been so erratic that the House will realise that they seriously disturb our Budget estimating. In the year 1928-29 we got £1,240,000, in the current year it is £2,400,000 and next year we expect to get £1,700,000. What we are proposing to do is to institute an Equalisation Fund. The basic figure will be £1,600,000 which represents 4 per cent. on £40,000,000. Any amount that is received in excess of the £1,600,000 will be taken half to revenue and half to the Fund so that it may be utilised in later years if the revenue from the Gold Standard Reserve comes below the figure of £1,600,000. We are able to make a start this year by taking £100,000 from the current year to this Fund and that was allowed for in the figures which I gave the House just now. In the coming year we hope to put aside £50,000 to the Fund.

Another very important matter which I shall refer to is in connection with the accrued liability on cash certificates. In several of the recent Budget speeches it has been admitted that we are not making adequate provision for meeting the accrued liability on cash certificates. We only set aside each year sufficient to meet the actual payments falling due. We are setting aside for that purpose a crore this year. But when the House realises that the total amount of cash certificates outstanding is over 35 crores, it will be seen that this is scarcely 3 per cent. We have therefore decided that we should make a beginning in setting aside adequate sums to meet the accrued liability. We do not propose to provide for the accrued liability of past years because we consider that the very adequate sums which are provided for reduction and avoidance of debt are sufficient to cover the past. But for the coming year and the future we propose to set aside enough to cover the real accruing liability and this for the Budget year will require an extra 88 lakhs which we have included in the Budget.

Finally, there is the question of reduction or avoidance of debt. Here we are making two changes. On sterling debt incurred since the 31st March, 1923, we take 1/80th to the provision for reduction and avoidance of debt, but we have hitherto been calculating that 1/80th in rupees at 1*s.* 4*d.* We are now making the calculation at the proper ratio of 1*s.* 6*d.* and thereby we shall save 12 lakhs. The second point is this, that under the Finance Act of 1926, we have been adding to the provision for reduction and avoidance of debt the amounts which are received under the Dawes Scheme from Germany. We consider, especially in view of the fact that we are making such ample provision for the accrued liability on cash certificates, that we need no longer add this amount to the ordinary provision for reduction and avoidance of debt. Rs. 32 lakhs is the figure in the Budget for Reparations. Even after taking out of the redemption provision 12 lakhs and 32 lakhs above referred to, we still provide 6 crores which is actually 27 lakhs more than in the current year.

The figures which I have now given to the House enable us to take stock of the position. As compared with the Budget of the current year there is a gap to be made up of 320 lakhs and to that we have to add the deficit of the year, 90 lakhs, so that the gap to be made up is 410 lakhs. This is the figure

which I would ask the House to bear in mind. The first question that we have to ask ourselves obviously is whether we are justified in asking the Legislature to make up the whole of this amount by new taxation or not. We have to consider it from two points of view, from the point of view of the revenue and the point of view of expenditure. If it were true that the short fall in revenue was merely temporary or if it were true that we can in the near future make substantial reductions in expenditure, it could legitimately be argued that we need not make up the whole of this amount by new taxation. If, however, we look at the revenue position, it is true, I think, that we may in the future hope for improved receipts from the commercial departments, Posts and Telegraphs and the Railways. But we have on the other hand the certainty of losing some other sources of revenue. Opium exports is one. There are also export duties of various kinds several of which, I think, are likely to be threatened. In connection with income-tax too, the Finance Member has already announced that he is desirous, if the financial position permitted it, to make certain changes in income-tax which would be for the benefit of commerce and industry; particularly he would be glad to adopt the principle of allowing business losses to be carried forward. Apart from this, I think it is certainly true that we have for some years past been running on a very narrow margin. India is a country subject to climatic vicissitudes and it is years since we had a bad monsoon. Taking the expenditure side, Government intend to pursue economy wherever they can. We have, as the House knows, agreed to the appointment of a specially experienced officer to assist the Finance Department next year to help us to pursue the search for economy. But I think we should be deluding ourselves if we did not take into account the fact that there are many new services, services of importance and of value, which are being and will be pressed upon us; for instance, civil aviation; then there is agricultural research; and it is I am sure the desire of the whole country that Government should embark on a forward economic policy. More important than all, we are at a stage in India's history when it is almost certain that as a result of constitutional reforms there will be large additional expenditure necessary for developing the provinces and I think that the Central Government will have to face the position in the fairly near future of having to give up some of its sources of revenue. Taking all these circumstances into account Government have come to the conclusion without any doubt whatever that we should make up this gap by taxation and make it up fully, so as to arrive at a position in which the finances of the Government of India will be above suspicion.

But before I tell the House what our proposals for taxation are there is one proposal which we have to make which acts in the direction of increasing the deficit. It is a proposal which the House will welcome. We propose to reduce the export duty on rice by one quarter, that is, from three annas a maund to two annas three pies a maund. We regard this proposal at the present moment as particularly opportune, because the price of rice has fallen very seriously and the cultivator in Burma has been very hard hit. The proposal we are making has the effect of removing the disparity which exists at present between our export duty and the export duty which is levied by Siam, which is one of Burma's principal rivals. We shall lose by this proposal 30 lakhs, so that the figure which has to be made up is now 440 lakhs. I now come to our proposals for taxation. First of all a duty on cotton piece-goods. If this was merely a matter of obtaining additional revenue it is a fairly straightforward business, and so far as this is concerned, our proposal is to increase the tariff on cotton piece-goods from 11 to 15 per cent. to bring it up to the level of the general tariff. But there is also the question of protection for

the industry, and particularly the industry in Bombay, and here Government after very careful consideration have come to the view that in the circumstances existing in Bombay it is essential that some temporary protection should be given. I do not wish to say very much on this subject because the Honourable the Finance Member in another place on behalf of the Honourable the Commerce Member is making a very full and considered statement on this subject to which I would refer Honourable Members. But we have in framing our protective proposals kept two things in mind. One is that the protection should be purely temporary and that before the end of the period there should be an inquiry by a Tariff Board. Secondly, that the protection should so far as possible be confined to what is actually required; that in the interests of the consumer we should not give more protection or a different kind of protection than what is necessary. So our protective proposals are these, that for a period of three years, during which there will be an inquiry by a Tariff Board, there will be an extra five per cent. *ad valorem* levied on imported piece-goods, and there will be a three and a half annas per pound minimum specific duty on ordinary grey goods. Both these duties will be levied on all goods except those coming from the United Kingdom. I wish to explain quite clearly to the House that we are not asking them to accept the principle of Imperial preference. The duty is a temporary duty and there will be an inquiry by a Tariff Board; but we have kept in mind the interests of the consumer and we ask the Legislature to consider impartially these proposals on their merits and with the Legislature the decision will rest. What we shall obtain from these cotton duties is estimated at 125 lakhs. The proposal for increasing the tariff from 11 to 15 per cent. will be included in the Finance Bill in the ordinary way, and the protective proposals will be included in a separate Bill which will be introduced by the Commerce Member.

The second item which we have selected for taxation is sugar. We propose an all-round increase in the import duty on sugar of one rupee eight annas per cwt. We do not propose to make any change in the existing classification, that is to say, sugar of 23 Dutch standard and above which at present pays Rs. 4-8-0 per cwt. will pay Rs. 6; sugar below 23 Dutch standard which at present pays Rs. 4 per cwt. will pay Rs. 5-8-0, and sugar below 8 Dutch standard and sugar candy which at present pays 25 per cent. *ad valorem* will pay a composite duty of 25 per cent. plus Rs. 1-8-0 per cwt. We thus retain due correspondence between the different kinds of sugar. I might add that molasses, which is at present classed along with low grade sugar and pays 25 per cent. will continue to pay 25 per cent. duty, because it must be regarded as in a different category from sugar being used mainly for industrial purposes. These sugar duties we estimate will give us 180 lakhs. But in estimating the effect of this fairly heavy increase on the consumer it has to be borne in mind that the price of sugar at the present time is exceptionally low. The landed price actually is lower than it has been at any time in the last ten years, so that we do not expect that this duty at present will have very much effect on the consumer. It must ultimately have some protective significance and perhaps in this there is some benefit because in the production of sugar we have one of the most valuable sources of increasing agricultural production in India and it is appropriate I think that in this same Budget we find a proposal to give the special grant of 10 lakhs which I mentioned before for improving the cultivation of sugar and sugar research.

The next item is kerosene. We propose to increase the excise duty on kerosene from one anna a gallon to one and a half annas a gallon, and at the same time to reduce the import duty from two and a half annas a gallon to

two and a quarter annas a gallon. This will give us 35 lakhs. The proposal has been framed in this form mainly for two reasons. First of all, because by the combined reduction of the import duty at the same time that the excise is increased we shall secure that the price of ordinary kerosene to the poor man is, if not reduced, at any rate not increased ; and secondly, we think that by reducing the disparity which exists at present between the excise and import duty by one half we are going as far as is wise or fair at the present moment to the indigenous oil companies, particularly the smaller companies, and we shall not be likely to retard production.

In view of the fact that we are proposing such substantial indirect taxation we consider it only fair that there should be some direct taxation, and we are therefore proposing a small increase in the rates of income-tax and super-tax. We are framing the proposals deliberately so as to avoid throwing any handicap on industry and commerce, and therefore our proposal is an increase of one pie in the rupee on incomes of Rs. 15,000 and upwards and a similar increase of one pie in the rupee on super-tax of all grades, with the exception of the flat rate of super-tax on companies which will not be touched. We expect to get from this Rs. 56 lakhs from income-tax and Rs. 14 lakhs from super-tax, making 70 in all. The taxes which I have described to the House so far give exactly 410 lakhs and if it had not been for the proposed reduction by a quarter of the rice duty, the deficit would have been covered. But as there is still Rs. 30 lakhs outstanding, and also for other reasons, we have another proposal to make, which is the last. We propose to reintroduce the duty of 4 annas an ounce on silver. The silver duties have a long history in the Indian tariff. Up to the year 1910 silver paid duty at the ordinary tariff rate of 5 per cent. In 1910 the duty of 4 annas an ounce was first introduced and it was maintained at that rate until the outbreak of the war when the import of silver was prohibited. After the war as a result of the recommendations of the Babington-Smith Committee at the time when the prohibition on import of silver was removed, the duty was also removed. The Babington-Smith Committee advocated its removal mainly for two reasons, first, because there was a fairly strong feeling that the existence of the duty operated to prevent the creation of a free silver market in Bombay, and, secondly, they thought it unfair to the consumer of silver in India and put him at a disadvantage with the consumer of silver in other countries. We propose to meet the first of these objections now by allowing a full rebate on re-export of silver which has paid duty. In the past a drawback of 7/8ths only was allowed, but we have been able to make administrative arrangements which will allow full rebate to be given now. As regards the second, we consider that the sensational fall in the price of silver which has reached a point lower, I think, than at any time in the last century has completely altered the position. Silver is a commodity in which the masses of the country very largely keep their store of value and we think it is in their interests to raise the internal value of silver at the present time. The silver duty at a very conservative estimate will give us a crore, so that if all our proposals for taxation are accepted, we should end the year with a surplus of 70 lakhs, and this would put us in a position not merely to face bad times with equanimity if our anticipations turn out to be optimistic, but if times are good it should provide us with a substantial reserve to meet the heavy obligations which we anticipate under the reformed constitution. I should also add that as the changes in the tariff which will be contained in the Finance Bill will take effect from to-morrow under the Provisional Collection of Taxes Act, we shall obtain in the current year an extra 35 lakhs, so that the current year will close with a surplus of 35 lakhs and the Budgetwith a surplus of 70.

I should now like to say a few words about Ways and Means, which are really the critical test of our finances. I will confine myself to the prospects of the coming year. We have, as the House knows, made considerable reduction in the capital programme of Railways, but even so we are allowing for a fairly substantial figure of 16¾ crores which includes 2 1/3 crores of the sanctioned programme of the current year. We have other capital obligations of nearly 4 crores and the capital required for Provincial Governments is nearly 8. We have to meet permanent debt maturing which amounts to 18 crores 84 lakhs including 15 crores and 77 lakhs of the 1930 bonds which come due for payment in India this year; so that our total liabilities are 49 crores 35 lakhs. To meet this we have as assets the provision for reduction or avoidance of debt, we have our net takings under cash certificates, we have our depreciation and reserve funds and we have worked down as usual our balances to the normal minimum. The result is, assuming that the 6 million Sterling Bills which were raised in England this year will be provided for by some form of sterling borrowing in the course of the next year and allowing also for reduction in the Treasury Bills outstanding of 4 crores from 24 crores to 20 crores, we shall have to raise a loan in India of 23½ crores, of which, however, 7·4 crores only will be new money, since the greater part of the rest is covered by the 1930 bonds which I have just mentioned. It is also important to take into account the fact that we shall be returning to the market 4 crores of Treasury Bills, so that I think this position is not one which need cause us any concern and it should not have a depressing effect upon the security market. As regards remittances, we have had to remit to England this year 35¼ millions. We expect to meet this firstly by remittances through the market of 19 millions. We have also undertaken certain sterling borrowing in London and we have already remitted through the Paper Currency Reserve 9½ millions. Next year we have to remit 3½ millions less, that is, 31¾ millions. The actual method by which that remittance will be made it is of course impossible at the present moment to say, but it is a slightly smaller obligation than we have had in the current year.

In conclusion, Sir, I should like to re-emphasise very shortly what appear to me some of the main principles inherent in this Budget. There is first of all the principle which the Honourable the Finance Member had laid down with regard to civil expenditure, that he has admitted no expenditure except those items which are essential or are of a productive nature, and even then only when they can be covered by corresponding economies; that as regards expenditure on our financial security and credit, we have not hesitated doubly to reinforce that credit. I should point out particularly the extra provision we are making for cash certificates, the full amount we are allowing for the reduction and avoidance of debt and the introduction of the Equalisation Fund for the Gold Standard Reserve; and particularly I should point out the fact that we are asking the House to agree to the full amount of new taxation required to cover our liabilities with an adequate margin. Thirdly, as regards that taxation itself, I think that there is not a single item in it, with the exception of the income-tax and super-tax increase, which does not carry with it some corresponding advantages. In fact, I shall be surprised if I do not find support for everyone of those items from different quarters of this House. I think, Sir, that the Honourable the Finance Member has presented a Budget of unassailable strength, a Budget which will add confidence and which will increase the credit of this country both here and abroad. We are told that it is not in mortals to *command* success, but I think we will all agree that the Honourable Sir George Schuster has done all that financial foresight could do to *deserve* it. (Loud applause.)

Schedule of demands for grants for expenditure of the Central Government (excluding Railways) for the year 1930-31 submitted for the vote of the Legislative Assembly.

Number of demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.
			Rs.
†	**A.—Expenditure charged to Revenue.**		
16	Customs	Customs	77,57,000
17	Taxes on Income	Taxes on Income	71,99,000
18	Salt	Salt	88,31,000
19	Opium	Opium	63,69,000
20	Stamps	Stamps	1,000
21	Forest	Forest	8,39,000
22	Irrigation (including Working Expenses), Navigation, Embankment and Drainage Works.	Works for which capital accounts are kept, Miscellaneous Irrigation Expenditure, Construction of Irrigation, etc., Works.	20,26,000
23	Indian Posts and Telegraphs Department (including Working Expenses).	Posts and Telegraphs	11,34,04,000
24	Indo-European Telegraph Department (including Working Expenses).		20,33,000
25	Interest on Debt and Reduction or Avoidance of Debt.	Interest on Ordinary Debt	1,35,33,000
26	Interest on Miscellaneous Obligations	Interest on other Obligations	47,37,000
27	Staff, Household and allowances of the Governor General.	General Administration	4,97,000
28	Executive Council		91,000
29	Council of State		1,22,000
30	Legislative Assembly and Legislative Assembly Department.		7,47,000
31	Foreign and Political Department		8,66,000
32	Home Department		7,11,000
33	Public Service Commission		92,000
34	Legislative Department		3,57,000
35	Department of Education, Health and Lands.		6,22,000
36	Finance Department		11,50,000
37	Separation of Accounts from Audit		16,00,000
38	Commerce Department		3,57,000
39	Army Department		5,47,000
40	Department of Industries and Labour		5,15,000
41	Central Board of Revenue		2,04,000
42	Payments to Provincial Governments on account of Administration of Agency subjects.		1,25,000
43	Audit	Audit	92,72,000
44	Administration of Justice	Administration of Justice	58,000
45	Police	Police	1,93,000
46	Ports and Pilotage	Ports and Pilotage	11,69,000
47	Lighthouses and Lightships	Lighthouses and Lightships	12,64,000
48	Survey of India	Scientific Departments	32,84,000
49	Meteorology	,, ,,	18,00,000
50	Geological Survey	,, ,,	2,74,000
51	Botanical Survey	,, ,,	2,84,000
52	Zoological Survey	,, ,,	1,92,000
53	Archæology	,, ,,	16,33,000
54	Mines	,, ,,	1,72,000
55	Other Scientific Departments	,, ,,	3,32,000
56	Education	Education	15,72,000
57	Medical Services	Medical	6,89,000
58	Public Health	Public Health	11,87,000
59	Agriculture	Agriculture	32,46,000
60	Civil Veterinary Services	,,	7,82,000
61	Industries	Industries	2,00,000
62	Aviation	Aviation	26,24,000
		Carried over	20,55,59,000

† Demands Nos. 1—15 relate to expenditure on Railways.

Schedule of demands for grants for expenditure of the Central Government (excluding Railways) for the year 1930-31 submitted for the vote of the Legislative Assembly—*concld.*

Number of demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount.
			Rs.
	Brought forward .		20,55,59,000
	A.—Expenditure charged to Revenue —*concld.*		
63	Commercial Intelligence and Statistics .	Miscellaneous Departments . . .	3,21,000
64	Census	,, ,, . . .	3,34,000
65	Emigration—Internal	,, ,, . . .	38,000
66	,, External	,, ,, . . .	2,03,000
67	Joint-Stock Companies	,, ,, . . .	1,37,000
68	Miscellaneous Departments . . .	,, ,, . . .	5,91,000
69	Indian Stores Department . . .	Indian Stores Department . . .	9,03,000
70	Currency	Currency	49,27,000
71	Mint	Mint	25,49,000
72	Civil Works	Civil Works	2,74,65,000
73	Superannuation Allowances and Pensions	Superannuation Allowances and Pensions.	40,40,000
74	Stationery and Printing . . .	Stationery and Printing . . .	51,34,000
75	Miscellaneous	Miscellaneous	22,52,000
76	Refunds		62,32,000
77	North-West Frontier Province . .		1,06,35,000
78	Baluchistan		33,19,000
79	Delhi		44,48,000
80	Ajmer-Merwara		15,52,000
81	Andamans and Nicobar Islands . .	Distributed over respective heads of account.	49,26,000
82	Rajputana		5,55,000
83	Central India		5,80,000
84	Hyderabad		3,36,000
85	Expenditure in England—Secretary of State for India		17,66,000
86	Expenditure in England—High Commissioner for India . . .		25,64,000
Non-voted.	Ecclesiastical, Political, etc. . . .		...
	TOTAL .		29,28,66,000
	B.—Expenditure charged to Capital.		
87	Capital outlay on Security Printing .	Capital outlay on Security Printing.	45,000
88	Forest Capital outlay	Capital outlay on Forests . . .	1,000
89	Irrigation	Construction of Irrigation Works .	94,000
90	Indian Posts and Telegraphs . . .	Capital outlay on Posts and Telegraphs.	69,61,000
91	Indo-European Telegraphs		1,000
92	Capital outlay on Currency Note Press .	Currency Capital outlay not charged to Revenue.	1,88,000
93	Capital outlay on Vizagapatam Harbour	Capital outlay on Vizagapatam Port .	34,18,000
94	Capital outlay on Lighthouses and Lightships	Capital outlay on Light houses and Lightships.	1,000
95	Commuted value of Pensions . . .	Payment of Commuted Value of Pensions.	27,00,000
96	New Capital at Delhi	Initial Expenditure on New Capital at Delhi.	1,00,08,000
	TOTAL .		2,34,17,000
	C.—Disbursements of Loans and Advances.		
97	Interest-free advances		94,56,000
98	Loans and advances bearing interest .		7,62,15,000
	TOTAL .		8,56,71,000
	GRAND TOTAL .		40,19,54,000

Declaration by the Governor General in Council under Section 67-A(7) of the Government of India Act regarding a certain demand refused by the Assembly.

In pursuance of Section 67-A(7) of the Government of India Act, the Governor General in Council is pleased to declare that the following demand which has been refused by the Legislative Assembly is essential to the discharge of his responsibilities :—

Demand.	Amount.
	Rs.
39.—Army Department	5,46,000

A. C. McWATTERS,

The 15th March 1930. *Secretary to the Government of India.*

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

New Delhi, the 5th April 1930.

The following Act* of the Indian Legislature received the assent of the Governor General on the 28th March, 1930, and is hereby promulgated for general information :—

ACT No. XV OF 1930.

An Act further to amend the Sea Customs Act, 1878, to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, and further to amend the Indian Paper Currency Act, 1923, and the Indian Finance Act, 1926.

VIII of 1878. VIII of 1894. VI of 1898. XII of 1922. X of 1923. XIX of 1926.

WHEREAS it is expedient further to amend the Sea Customs Act, 1878, to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, and further to amend the Indian Paper Currency Act, 1923, and the Indian Finance Act, 1926; It is hereby enacted as follows :—

Short title, extent and duration.

1. (*1*) This Act may be called the Indian Finance Act, 1930.

(*2*) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(*3*) Sections 3, 4A and 5 shall remain in force only up to the 31st day of March, 1931.

VIII of 1878.

Amendment of section 42, Act VIII of 1878.

2. In section 42 of the Sea Customs Act, 1878, after the words "seven-eighths" the words "or, in the case of silver bullion, the whole" shall be inserted.

XII of 1882.

Fixation of salt duty.

3. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, with effect from the 1st day of April, 1930, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

*The Finance Bill was passed in this form by the Legislative Assembly on the 24th March 1930 and by the Council of State on the 27th *idem*, the only changes made in the Bill being the insertion of clause 4-A, and the consequential alteration in Clause 1(*3*).

4. The amendments specified in the First Schedule to this Act shall be made in Schedules II and III to the Indian Tariff Act, 1894. VIII of 1894

Amendment of Schedules II and III to Act VIII of 1894.

4A. In Schedule II to the Indian Tariff Act, 1894,— VIII of 1894.

Amendment of Schedule II, Act VIII of 1894.

(*a*) after Item No. 43BB, as inserted by section 4, and under the head "METALS", the following item shall be inserted, namely :—

"43BBB	SILVER PLATE, silver thread and wire (including so-called gold thread and wire mainly made of silver), silver leaf and silver manufactures, all sorts not otherwise specified.	*Ad valorem*	38 per cent."

(*b*) in part VI, under the head "METALS" the Item which reads "SILVER PLATE, silver thread and wire, silver leaf and silver manufactures, all sorts not otherwise specified", together with its serial number, shall be omitted.

5. With effect from the 1st day of April, 1930, the schedule contained in the Second Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act. VI of 1898.

Postal rates.

6. (*1*) Income-tax for the year beginning on the 1st day of April, 1930, shall be charged at the rates specified in Part I of the Third Schedule.

Income-tax and super-tax.

(*2*) The rates of super-tax for the year beginning on the 1st day of April, 1930, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Third Schedule. XI of 1922.

(*3*) For the purposes of the Third Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922. XI of 1922.

7. In the proviso to section 5 of the Indian Finance Act, 1922, for the words "one anna" the words "one anna and six pies" shall be substituted. XII of 1922.

Amendment of section 5, Act XII of 1922.

8. In sub-section (*7*) of section 19 of the Indian Paper Currency Act, 1923, for the figures "1930" the figures "1931" shall be substituted. X of 1923.

Amendment of section 19, Act X of 1923.

9. With effect from the 1st day of April, 1930, section 7 of the Indian Finance Act, 1926, shall be repealed. XIX of 1926.

Repeal of section 7, Act XIX of 1926.

SCHEDULE I.

Amendments to be made in Schedules II and III to the Indian Tariff Act, 1894.

[*See Section 4.*]

1. In Item No. 19 of Schedule II, the words " nickel, bronze, and copper " shall be omitted.

2. In Item No. 20 of Schedule II, the words " and silver ", in both places where they occur, shall be omitted.

3. For Item No. 34 of Schedule II, the following shall be substituted, namely :—

			Rs. A.
"34	SUGAR, excluding confectionery (*see* No. 124)—		
	(1) Sugar, crystallised or soft 23 Dutch Standard and above.	Cwt. . .	6 0
	(2) Sugar, crystallised or soft inferior to 23 Dutch Standard but not inferior to 8 Dutch Standard.	Cwt. . .	5 8
	(3) Sugar, below 8 Dutch Standard and sugar-candy.	*Ad valorem* .	25 per cent. *plus* one rupee and eight annas per cwt.
	(4) Molasses . . .	*Ad valorem* .	25 per cent. "

4. In Item No. 40 of Schedule II, for the words " six pies " the words " three pies " shall be substituted.

5. After Item No. 43B of Schedule II, the following heading and item shall be inserted, namely :—

" METALS.

43 BB	SILVER BULLION and coin, not otherwise specified, and silver sheets and plates which have undergone no process of manufacture subsequent to rolling.	Ounce . .	Four annas."

6. Item No. 45 of Schedule II shall be omitted.

7. In Item No. 4 of Schedule III, for the figures " 0 3 " the words " Two annas and three pies " shall be substituted.

SCHEDULE II.

Schedule to be inserted in the Indian Post Office Act, 1898.

[*See section 5.*]

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[*See section 7.*]

Letters.

For a weight not exceeding two and a half tolas	One anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas	One anna.

Postcards.

Single	Half an anna.
Reply	One anna.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof	Half an anna.

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."

SCHEDULE III.

[*See section 6.*]

PART I.

Rates of Income-tax.

	Rate.
A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(1) When the total income is less than Rs. 2,000	*Nil.*
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Six pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	Nine pies in the rupee.
(5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	Ten pies in the rupee.
(6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and one pie in the rupee.
(7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and four pies in the rupee.
(8) When the total income is Rs. 40,000 or upwards	One anna and seven pies in the rupee.
B. In the case of every company and registered firm, whatever its total income.	One anna and seven pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over fifty thousand rupees of total income—

	Rate.
(1) in the case of every company	One anna in the rupee.
(2) (*a*) in the case of every Hindu undivided family—	
(*i*) in respect of the first twenty-five thousand rupees of the excess	*Nil.*
(*ii*) for every rupee of the next twenty-five thousand rupees of such excess.	One anna and one pie in the rupee.
(*b*) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company, for every rupee of the first fifty thousand rupees of such excess.	One anna and one pie in the rupee.
(*c*) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(*i*) for every rupee of the second fifty thousand rupees of such excess.	One anna and seven pies in the rupee.
(*ii*) for every rupee of the next fifty thousand rupees of such excess	Two annas and one pie in the rupee.
(*iii*) for every rupee of the next fifty thousand rupees of such excess	Two annas and seven pies in the rupee.
(*iv*) for every rupee of the next fifty thousand rupees of such excess	Three annas and one pie in the rupee.
(*v*) for every rupee of the next fifty thousand rupees of such excess	Three annas and seven pies in the rupee.
(*vi*) for every rupee of the next fifty thousand rupees of such excess	Four annas and one pie in the rupee.
(*vii*) for every rupee of the next fifty thousand rupees of such excess	Four annas and seven pies in the rupee.
(*viii*) for every rupee of the next fifty thousand rupees of such excess	Five annas and one pie in the rupee.
(*ix*) for every rupee of the next fifty thousand rupees of such excess	Five annas and seven pies in the rupee.
(*x*) for every rupee of the remainder of the excess . . .	Six annas and one pie in the rupee.

L. GRAHAM,
Secy. to the Govt. of India.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

New Delhi, the 5th April 1930.

The following Act* of the Indian Legislature received the assent of the Governor General on the 4th April, 1930, and is hereby promulgated for general information :—

ACT NO. XVIII OF 1930.

An Act to provide for the imposition and collection of an excise duty on silver.

WHEREAS it is expedient to impose an excise duty on silver and to provide for the collection thereof; It is hereby enacted as follows :—

Short title and extent.

1. (*1*) This Act may be called the Silver (Excise Duty) Act, 1930.

(*2*) It extends to the whole of British India.

Definition.

2. In this Act "silver works" means any place where silver is extracted from ore.

Imposition and collection of an excise duty on silver.

3. (*1*) There shall be collected at every silver works on all silver produced in such works, which is issued out of the premises of such works on and after the 17th day of March, 1930, a duty at the rate of four annas on each ounce.

(*2*) If any duty payable under sub-section (*1*) is not paid within the time fixed by a notice issued in accordance with any rules made in this behalf under this Act, it shall be deemed to be an arrear, and the authority to which such duty is payable may, in lieu thereof, recover any sum not exceeding double the amount of the duty unpaid which such authority may in its discretion think it reasonable to require.

(*3*) Any arrear of duty, or any sum recoverable in lieu thereof under sub-section (*2*), shall be recoverable as an arrear of income-tax in any manner prescribed in section 46 of the Indian Income-tax Act, 1922. XI of 1922.

Issue of silver from silver works.

4. (*1*) No person shall issue any silver out of the premises of any silver works except in accordance with the provisions of rules made under section 6 regulating such issue, or, until such rules are made, in accordance with the general or special orders of the Local Government.

(*2*) Whoever contravenes any such rule or order shall be punishable with fine which may extend to one thousand rupees or to a sum double the amount of the duty on any silver issued in contravention of such rule or order, whichever is greater.

*The Bill as introduced was passed by the Legislative Assembly on the 31st March 1930 and by the Council of State on the 3rd April 1930.

Application of the provisions of Act VIII of 1878 to the excise duty on silver.

VIII of 1878.

5. The Governor General in Council may, by notification in the Gazette of India, declare that any of the provisions of the Sea Customs Act, 1878, relating to the levy of and exemption from customs duties, drawback of duty, warehousing, offences and penalties, confiscation, and the procedure relating to offences and appeals shall, with such modifications and alterations as he may consider necessary or desirable to adapt them to the circumstances, be applicable in regard to like matters in respect of the duty on silver imposed by section 3.

Power to make rules.

6. (*1*) The Governor General in Council may, by notification in the Gazette of India, make rules—

(*a*) imposing on owners of silver works the duty of furnishing returns and keeping records and books, prescribing the form of such returns, records and books and the particulars to be contained therein, and the manner in which the same are to be verified, and all such other conditions thereof as may be necessary ;

(*b*) providing for the regulation of the issue of silver out of the premises of silver works ;

(*c*) providing for the assessment of the duty, the issue of notices requiring payment, the authority to whom the duty shall be payable, and for the recovery of arrears ;

(*d*) providing for the inspection of silver works ; and

(*e*) generally, for carrying into effect the provisions of this Act.

(*2*) Such rules may provide that any breach thereof shall be punishable with fine which may extend to five hundred rupees :

Provided that the breach of any rule made under clause (*b*) of sub-section (*1*) shall be punishable with the penalty prescribed in sub-section (*2*) of section 4.

L. GRAHAM,

Secy. to the Govt. of India.

No.F. 1(1)-B./30.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

New Delhi, the 3rd April 1930.

RESOLUTION.

The statements relating to the Revised estimates for 1929-30 and the Budget estimates for 1930-31, which were presented to the Legislative Assembly and the Council of State on the 17th and the 28th February 1930, have been reconsidered with reference to the reductions made by the Legislative Assembly in the demands for grants, the action taken by the Governor General in Council in respect thereto, and the course of legislation since the latter date. The changes made are explained below and revised statements are now published as usual for general information.

2. The following reductions were made by the Legislative Assembly in the demands presented to them :—

Demand.	Amount.
	Rs.
36.—Finance Department	100
39.—Army Department	5,46,999*
Ditto	1
77.—North-West Frontier Province . . .	100

Of these, the Governor General in Council has, under Section 67-A(7) of the Government of India Act, decided that the amount marked with an asterisk is essential to the discharge of his responsibilities.

The remaining alterations result in a reduction of the expenditure in 1930-31 by Rs. 201, but as the estimates are in round thousands of Rupees, they remain unaffected by these alterations.

3. On the other hand, the insertion of clause 4A in the Indian Finance Bill and the passing of the Silver (Excise Duty) Bill will have the effect of raising the Customs revenue for the year 1930-31 by Rs. 1 lakh and Rs. 15 lakhs respectively, so that the revenue surplus as well as the closing cash balance for the year, as shown in the statements presented to the Legislature, has now been increased by Rs. 16 lakhs.

A. C. McWATTERS,

Secretary to the Government of India.

BUDGET

of the

Governor-General in Council,

April 1930.

FINANCE DEPARTMENT,
New Delhi, the 3rd April 1930.

A. C. McWATTERS,
Secretary to the Govt. of India.

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I.—General Statement of the Revenue and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1928-29.	Budget Estimate, 1929-30.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	49,28,00,304	51,21,77,000	51,02,09,000	54,63,81,000
Taxes on Income	,,	16,70,33,999	16,59,60,000	17,10,06,000	17,99,78,000
Salt	,,	7,59,92,742	6,34,64,000	6,72,19,000	7,04,83,000
Opium	,,	3,26,59,423	3,05,57,000	3,08,27,000	2,71,80,000
Other Heads	,,	2,23,85,302	2,22,67,000	2,28,02,000	2,30,86,000
TOTAL PRINCIPAL HEADS		79,08,72,270	79,44,25,000	80,20,63,000	84,71,08,000
Railways: Net Receipts (as per Railway Budget)		37,48,75,950	40,55,00,000	37,06,80,000	38,10,00,000
Irrigation: Net Receipts	A	9,40,323	13,40,000	12,75,000	14,25,000
Posts and Telegraphs: Net Receipts	,,	7,41,354	57,73,000	7,99,000	21,52,000
Interest Receipts	,,	2,80,03,036	3,45,64,000	4,32,78,000	3,45,31,000
Civil Administration	,,	1,00,93,520	1,12,25,000	1,13,06,000	1,06,44,000
Currency and Mint	,,	2,88,32,728	3,05,77,000	2,85,51,000	2,89,15,000
Civil Works	,,	17,04,637	18,45,000	24,35,000	26,17,000
Miscellaneous	,,	89,47,427	85,44,000	92,21,000	86,11,000
Military Receipts	,,	3,39,37,451	3,48,71,000	3,97,77,000	3,62,08,000
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments	,,	3,99,749	...	...	...
Extraordinary Items	,,	1,04,62,030	1,19,69,000	1,90,23,000	32,00,000
TOTAL REVENUE		1,28,98,10,475	1,34,06,33,000	1,32,84,08,000	1,35,64,11,000
DEFICIT		31,54,002	...	...	...
TOTAL		1,29,29,64,477	1,34,06,33,000	1,32,84,08,000	1,35,64,11,000

Revenue of the Central Government, in India and in England.

	For details, *vide* Statement.	Accounts, 1928-29.	Budget Estimate, 1929-30.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
		Rs.	Rs.	Rs.	Rs.
Expenditure –					
Direct Demands on the Revenue	B	4,02,13,795	4,59,43,000	4,12,99,000	4,35,57,000
Forest and other Capital outlay charged to Revenue	,,	3,62,465	7,88,000	5,21,000	6,33,000
Railways : Interest and Miscellaneous Charges (as per Railway Budget)	,,	32,25,56,493	34,30,28,000	30,94,94,000	32,36,43,000
Irrigation	,,	22,24,830	22,66,000	30,36,000	25,71,000
Posts and Telegraphs	,,	81,63,816	85,20,000	83,11,000	92,73,000
Debt Services	,,	15,62,43,872	15,59,88,000	16,51,88,000	17,81,58,000
Civil Administration	,,	11,43,51,316	12,66,74,000	12,68,72,000	13,26,59,000
Currency and Mint	,,	71,61,822	71,02,000	74,39,000	77,66,000
Civil Works	,,	1,59,28,196	2,59,35,000	2,63,25,000	2,81,06,000
Miscellaneous	,,	4,05,92,852	4,06,93,000	4,58,39,000	4,16,87,000
Military Services	,,	58,49,37,451	58,58,71,000	59,07,77,000	57,97,08,000
Miscellaneous adjustments between the Central and Provincial Governments	,,	1,08,059	...	...	...
Extraordinary Items	,,	1,20,510	2,25,000	7,000	50,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,29,29,64,477	1,34,06,33,000	1,32,49,08,000	1,34,78,11,000
SURPLUS		...	...	35,00,000	86,00,000
TOTAL		1,29,29,64,477	1,34,06,33,000	1,32,84,08,000	1,35,64,11,000

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts.			
		Accounts, 1928-29.	Budget Estimate, 1929-30.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
		Rs.	Rs.	Rs.	Rs.
Surplus	C	...	...	35,00,000	86,00,000
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)	C	14,794	2,65,19,000	...	...
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	28,01,90,740	22,12,02,000	19,81,13,000	4,66,00,000
Floating Debt (net incurred)	"	3,62,25,000	...	23,35,30,000	...
Unfunded Debt (net incurred)	"	8,40,95,296	10,23,34,000	14,04,26,000	9,36,52,000
Deposits and Advances (net)	"	...	6,53,81,000	...	5,57,80,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	4,97,87,890	5,35,73,000	23,70,000	5,08,95,000
TOTAL DEBT, DEPOSITS AND ADVANCES.		45,02,98,926	44,29,90,000	57,44,39,000	24,69,27,000
Remittances (net)	C	75,66,103	1,08,000	7,42,000	4,95,000
TOTAL RECEIPTS	...	45,78,79,823	46,96,17,000	57,81,81,000	25,60,22,000
Opening Balance India	...	9,16,10,089	11,73,63,089	9,20,46,097	17,79,20,097
Opening Balance England	...	7,54,87,402	7,29,96,402	6,99,36,668	9,30,41,668
TOTAL	...	62,49,77,314	65,99,76,491	74,06,63,765	52,69,83,765

Central Government, in India and in England.

	For details, *vide* Statement.	Disbursements. Accounts, 1928-29.	Budget Estimate, 1929-30.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
		Rs.	Rs.	Rs.	Rs.
Deficit	C	31,54,002	...	...	...
Railway, Irrigation, Posts and Telegraphs and other Capital outlay not charged to Revenue—					
Capital outlay on Security Printing Press	C	—4,75,524	45,000	23,000	45,000
Construction of State Railways (as per Railway Budget)	"	25,35,76,072	33,53,67,000	31,20,57,000	16,75,00,000
Discharge of Debentures (as per Railway Budget)	"	3,99,30,676	2,65,19,000	...	...
Construction of Irrigation Works	"	36,040	1,99,000	2,53,000	1,01,000
Capital outlay on Posts and Telegraphs	"	53,33,185	68,13,000	52,13,000	68,71,000
Capital outlay on Vizagapatam Port	"	29,23,364	40,00,000	34,50,000	34,20,000
Capital outlay on Light-houses and Light-ships	"	...	8,000	...	...
Currency Capital outlay	"	3,37,614	52,000	1,58,000	1,58,000
Initial expenditure on New Capital at Delhi	"	36,64,623	71,66,000	67,74,000	51,84,000
Payment of commuted value of pensions	"	36,09,084	31,17,000	35,24,000	33,59,000
Capital outlay on Bombay Land Scheme	"	...	...	...	2,05,22,000
TOTAL CAPITAL ACCOUNT DISBURSEMENTS		30,89,34,484	38,31,86,000	33,14,52,000	20,71,90,000
Debt, Deposits and Advances—					
Floating Debt (net discharged)	C	...	94,75,000	...	4,00,00,000
Deposits and Advances (net)	"	1,79,98,367	...	2,27,59,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES		1,79,98,367	94,75,000	2,27,59,000	4,00,00,000
Loans and Advances by the Central Government (net Advances)	C	12,72,24,050	6,24,28,000	6,97,24,000	6,73,62,000
Balances of Provincial Governments (net)	"	56,83,646	2,58,11,000	4,57,67,000	2,61,13,000
TOTAL DISBURSEMENTS	...	46,29,94,549	48,09,00,000	46,97,02,000	34,06,65,000
Closing Balance: India	...	9,20,46,097	11,56,88,089	17,79,20,097	12,95,94,097
Closing Balance: England	...	6,99,36,668	6,33,88,402	9,30,41,668	5,67,24,668
TOTAL	...	62,49,77,314	65,99,76,491	74,06,63,765	52,69,83,765

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1928-29.				Revised Estimate,		Item No.
	India.	*England.	Exchange.	Total.	India.	*England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	49,28,00,804	...	...	49,28,00,804	51,02,09,000	...	1
II.—Taxes on Income	16,70,40,768	—6,762	—7	16,70,33,999	17,10,02,000	4,000	2
III.—Salt	7,59,92,704	38	...	7,59,92,742	6,72,19,000	...	3
IV.—Opium	3,26,59,416	7	...	3,26,59,423	3,08,27,000	...	4
V.—Land Revenue	38,31,605	...	...	38,31,605	39,91,000	2,000	5
VI.—Excise	52,71,614	...	...	52,71,614	53,87,000	...	6
VII.—Stamps	30,81,791	...	...	30,81,791	28,94,000	...	7
VIII.—Forest	25,97,165	93	...	25,97,258	29,24,000	...	8
IX.—Registration	1,61,924	...	...	1,61,924	1,60,000	...	9
X.—Tributes from Indian States	74,41,110	...	...	74,41,110	74,34,000	...	10
Total	79,08,78,901	—6,624	—7	79,08,72,270	80,20,57,000	6,000	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	17,96,143	...	...	17,96,143	23,19,000	...	12
Deduct—Working Expenses	*8,58,062*	*221*	...	*8,58,283*	*10,48,000*	...	13
Net Receipts	9,38,081	—221	...	9,37,860	12,71,000	...	14
XIV.—Works for which no Capital Accounts are kept	2,463	...	...	2,463	4,000	...	15
Total	9,40,544	—221	...	9,40,323	12,75,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Posts and Telegraphs Department—Gross Receipts	11,03,65,308	...	...	11,03,65,308	11,20,15,000	...	17
Deduct—Working Expenses	*10,87,52,615*	*7,29,698*	*1,219*	*10,94,83,732*	*11,02,36,000*	*7,60,000*	18
Net Receipts	16,12,693	—7,29,898	—1,219	8,81,576	17,79,000	—7,60,000	19
Indo-European Telegraph Department—Gross Receipts	15,27,576	13,62,887	2,830	28,93,293	11,95,000	14,00,000	20
Deduct—Working Expenses	*28,67,187*	*1,66,026*	*302*	*30,33,515*	*26,38,000*	*1,81,000*	21
Net Receipts	—13,39,611	11,96,861	2,528	—1,40,222	—14,43,000	12,19,000	22
Total	2,73,082	4,66,963	1,309	7,41,354	3,36,000	4,59,000	23
Debt Services—							
XVI.—Interest	91,36,133	1,88,43,864	23,039	2,80,03,036	91,05,000	2,39,36,000	24
Carried over	80,12,28,660	1,93,03,982	24,341	82,05,56,983	81,27,73,000	3,44,01,000	25

* Sterling converted into Rupees at £1=Rs. 13⅓

Government, in India and in England.

Item No.	1929-30. Exchange.	1929-30. Total.	Increase (+) Decrease (—) as compared with Budget, 1929-30.	Budget Estimate, 1930-31. India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1929-30.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	....	51,02,09,000	—12,68,000	54,63,81,000	...	...	54,63,81,000	+3,61,72,000
2	...	17,10,06,000	+50,46,000	17,99,78,000	...	...	17,99,78,000	+89,72,000
3	...	6,72,19,000	+37,55,000	7,04,83,000	...	...	7,04,83,000	+33,64,000
4	...	3,08,27,000	+2,70,000	2,71,80,000	...	...	2,71,80,000	—36,47,000
5	...	39,93,000	+72,000	40,17,000	...	...	40,17,000	+24,000
6	...	53,87,000	+4,43,000	53,82,000	...	...	53,82,000	—5,000
7	...	28,94,000	+36,000	28,84,000	...	...	28,84,000	—10,000
8	...	29,34,000	—66,000	32,45,000	...	...	32,45,000	+3,11,000
9	...	1,60,000	+1,000	1,60,000	...	...	1,60,000	...
10	...	74,34,000	+49,000	73,98,000	...	...	73,98,000	—36,000
11	...	80,20,63,000	+76,38,000	84,71,08,000	...	...	84,71,08,000	+4,50,45,000
12	...	23,19,000	+ 54,000	23,82,000	...	...	23,82,000	+63,000
13	...	*10,48,000*	—1,19,000	*9,61,000*	...	...	*9,61,000*	+87,000
14	...	12,71,000	— 65,000	14,21,000	...	...	14,21,000	+1,50,000
15	...	4,000	...	4,000	...	...	4,000	...
16	...	12,75,000	—65,000	14,25,000	...	...	14,25,000	+1,50,000
17	...	11,20,15,000	—39,82,000	11,50,85,000	...	...	11,50,85,000	+30,70,000
18	*5,000*	*11,10,01,000*	—7,95,000	*11,19,78,000*	*7,29,000*	...	*11,27,01,000*	—17,00,000
19	—5,000	10,14,000	—47,77,000	31,13,000	—7,29,000	...	23,84,000	+13,70,000
20	10,000	26,05,000	—2,93,000	11,90,000	12,80,000	...	24,70,000	—1,35,000
21	*1,000*	*23,20,000*	+96,000	*25,50,000*	*1,52,000*	...	*27,02,000*	+1,18,000
22	9,000	—2,15,000	—1,97,000	—13,60,000	11,28,000	...	—2,33,000	—17,000
23	4,000	7,99,000	—49,74,000	17,53,000	3,99,000	...	21,52,000	+13,53,000
24	2,37,000	4,32,78,000	+87,14,000	1,07,33,000	2,37,98,000	...	3,45,31,000	—87,47,000
25	2,41,000	84,74,15,000	+1,13,13,000	86,10,19,000	2,41,97,000	...	88,52,16,000	+3,78,01,000

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1928-29.				Revised Estimate,		Item No.
	India.	*England.	Exchange.	Total.	India.	*England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	80,12,28,000	1,93,03,982	24,341	82,05,56,983	81,27,73,000	3,44,01,000	
Civil Administration—							
XVII.—Administration of Justice	3,53,364	1,742	—3	3,55,103	3,16,000	...	1
XVIII.—Jails and Convict Settlements	3,48,227	...	...	3,48,227	3,53,000	...	2
XIX.—Police	5,37,453	...	...	5,37,453	4,71,000	1,000	3
XX.—Ports and Pilotage	31,41,940	640	—2	31,42,578	23,51,000	...	4
XX(1).—Light houses and Light ships					13,18,000	...	5
XXI.—Education	2,11,942	68	...	2,12,010	2,03,000	...	6
XXII.—Medical	3,14,619	518	1	3,15,138	3,02,000	...	7
XXIII.—Public Health	3,56,785	...	...	3,56,785	3,71,000	...	8
XXIV.—Agriculture	21,28,796	...	...	21,28,796	23,22,000	...	9
XXV.—Industries	36,367	17	...	36,384	34,000	..	10
XXVI.—Miscellaneous Departments	14,70,450	8,663	15	14,79,128	17,27,000	13,000	11
XXVI-A.—Indian Stores Department	11,81,918	...	...	11,81,918	15,24,000	...	12
Total	1,00,81,861	11,648	11	1,00,93,520	1,12,92,000	14,000	13
Currency and Mint—							
XXVII.—Currency	2,23,15,553	21,44,574	2,184	2,44,62,311	2,19,98,000	27,12,000	14
XXVIII.—Mint	43,70,414	3	...	43,70,417	38,22,000	...	15
Total	2,66,85,967	21,44,577	2,184	2,88,32,728	2,58,20,000	27,12,000	16
Civil Works—							
XXX.—Civil Works	17,04,637	...	...	17,04,637	24,35,000	...	17
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	16,02,874	4,31,854	887	20,35,115	15,92,000	4,41,000	18
XXXIV.—Stationery and Printing	38,47,275	30,394	39	38,86,708	39,07,000	38,000	19
XXXV.—Miscellaneous	20,84,754	9,38,488	2,362	30,25,604	20,17,000	12,15,000	20
Total	75,34,403	14,00,736	3,288	89,47,427	75,16,000	16,94,000	21
Military Receipts—							
XXXVI.—Army—							
Effective	1,77,19,923	35,62,477	4,427	2,12,86,827	1,99,73,000	33,36,000	22
Non-effective	17,85,539	35,36,263	5,295	53,27,097	27,38,000	67,47,000	23
	1,95,05,462	70,98,740	9,722	2,66,13,924	2,27,11,000	1,00,83,000	24
XXXVII.—Marine	13,60,708	2,397	1	13,63,106	15,87,000	6,000	25
XXXVIII.—Military Engineer Services	59,60,421	...	...	59,60,421	53,19,000	...	26
XXXVIII.-A—Transfers from Military Reserve Fund	...	...	...	...	...	...	27
Total	2,68,26,591	71,01,137	9,723	3,39,37,451	2,96,17,000	1,00,89,000	28
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—							
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	3,99,749	...	...	3,99,749	...	...	29
Extraordinary items—							
XL.—Extraordinary Receipts	...	30,42,166	4,978	30,47,144	1,56,15,000	33,84,000	30
XL-A.—Transfers from Revenue Reserve Fund	74,14,886	...	...	74,14,886	...	...	31
Total	74,14,886	30,42,166	4,978	1,04,62,030	1,56,15,000	33,84,000	32
Railway Revenues as per Railway Budget	37,62,75,386	—13,94,382	—5,054	37,48,75,950	37,08,06,000	—1,25,000	33
TOTAL REVENUE	1,25,81,52,140	3,16,18,864	39,471	1,28,98,10,475	1,27,58,74,000	5,21,69,000	34

*Sterling converted into Rupees at £1 = Rs. 13⅓.

Government, in India and in England—*contd.*

Item No.	1929-30. Exchange.	1929-30. Total.	Increase (+) Decrease (−) as compared with Budget, 1929-30.	Budget Estimates, 1930-31. India.	England.	Exchange.	Total.	Increase (+) Decrease (−) as compared with Revised, 1929-30.
	Rs. 2,41,000	Rs. 84,74,15,000	Rs. +1,13,13,000	Rs. 86,10,19,000	Rs. 2,41,97,000	Rs. ...	Rs. 88,52,16,000	Rs. +3,78,01,000
1	...	3,16,000	−45,000	3,13,000	...	...	3,13,000	−3,000
2	...	3,53,000	+2,000	4,03,000	...	...	4,03,000	+50,000
3	...	4,72,000	+35,000	4,80,000	...	...	4,80,000	+8,000
4	...	23,51,000	+61,000	24,42,000	...	...	24,42,000	+91,000
5	...	13,18,000	+2,27,000	12,85,000	...	...	12,85,000	−33,000
6	...	2,03,000	+19,000	2,05,000	...	...	2,05,000	+2,000
7	...	3,02,000	−77,000	5,95,000	...	...	5,95,000	+2,93,000
8	...	3,71,000	−95,000	3,79,000	...	...	3,79,000	+8,000
9	...	23,22,000	−1,73,000	24,08,000	...	...	24,08,000	+86,000
10	...	34,000	...	29,000	...	...	29,000	−5,000
11	...	17,40,000	+3,13,000	15,62,000	4,000	...	15,66,000	−1,74,000
12	..	15,24,000	−1,83,000	15,39,000	...	...	5,39,000	−9,85,000
13	...	1,13,06,000	+81,000	1,06,40,000	4,000	...	1,06,44,000	−6,62,000
14	19,000	2,47,29,000	−19,56,000	2,36,35,000	16,32,000	...	2,52,67,000	+5,38,000
15	...	38,22,000	−70,000	36,48,000	...	...	36,48,000	−1,74,000
16	19,000	2,85,51,000	−20,26,000	2,72,83,000	16,32,000	...	2,89,15,000	+3,64,000
17	...	24,35,000	+5,90,000	26,17,000	...	...	26,17,000	+1,82,000
18	3,000	20,36,000	+72,000	15,71,000	3,59,000	..	19,30,000	−1,06,000
19	...	39,45,000	+14,000	37,86,000	35,000	...	38,21,000	−1,24,000
20	8,000	32,40,000	+5,91,000	14,09,000	14,51,000	...	28,60,000	−3,80,000
21	11,000	92,21,000	+6,77,000	67,66,000	18,45,000	..	86,11,000	−6,10,000
22	24,000	2,33,33,000	+8,85,000	1,75,12,000	29,12,000	...	2,04,24,000	−29,09,000
23	47,000	95,32,000	+57,37,000	18,74,000	50,53,000	...	69,27,000	−26,05,000
24	71,000	3,28,65,000	+66,22,000	1,93,86,000	79,65,000	...	2,73,51,000	−55,14,000
25	...	15,93,000	+2,31,000	21,36,000	...	...	21,36,000	+5,43,000
26	...	53,19,000	−19,47,000	41,14,000	...	...	41,14,000	−12,05,000
27	...	...	...	26,07,000	...	...	26,07,000	+26,07,000
28	71,000	3,97,77,000	+49,06,000	2,82,43,000	79,65,000	...	3,62,08,000	−35,69,000
29	...	...	...	...	...	...	...	...
30	24,000	1,90,23,000	+1,60,23,000	...	32,00,000	...	32,00,000	−1,58,23,000
31	...	..	−89,69,000	...	...	...	...	...
32	24,000	1,90,23,000	+70,54,000	...	32,00,000	...	32,00,000	−1,58,23,000
33	−1,000	37,06,80,000	−3,48,20,000	38,53,16,000	−43,16,000	...	38,10,00,000	+1,03,20,000
34	3,65,000	1,32,84,08,000	−1,22,25,000	1,33,18,84,000	3,45,27,000	...	1,36,64,11,000	+2,80,03,000

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	Accounts, 1928-29. India.	* England.	Exchange.	Total.	Revised India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenue—						
1.—Customs	91,58,120	2,00,658	303	93,59,081	99,26,000	1
2.—Taxes on Income	67,45,348	1,50,326	241	68,95,915	71,31,000	2
3.—Salt	1,22,35,370	90,177	130	1,23,25,677	1,26,87,000	3
4.—Opium	53,65,969	1,29,071	228	54,95,268	47,77,000	4
5.—Land Revenue	11,89,494	12,529	31	12,02,054	10,89,000	5
6.—Excise	15,02,978	4,800	7	15,07,785	16,74,000	6
7.—Stamps	1,09,482	...	...	1,09,482	63,000	7
8.—Forest	31,19,246	1,68,850	239	32,88,335	31,53,000	8
9.—Registration	29,198	...	...	29,198	30,000	9
Total	3,94,55,205	7,56,411	1,179	4,02,12,795	4,05,30,000	10
Forest and other Capital outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	57,776	...	...	57,776	1,21,000	11
7A.—Capital outlay on Central Stamp Store	1,07,952	...	...	1,07,952	...	12
8A.—Forest Capital outlay	1,96,737	...	...	1,96,737	3,71,000	13
Total	3,62,465	...	...	3,62,465	4,92,000	14
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	12,21,077	...	...	12,21,077	12,25,000	15
15.—Other Revenue Expenditure	6,69,058	83,122	235	7,52,415	15,95,000	16
Total	18,90,135	83,122	235	19,73,492	28,20,000	17
Irrigation, etc., Capital Account (charged to Revenue)—						
16.—Construction of Irrigation, etc., Works—						
Financed from Ordinary Revenues.	2,51,338	...	...	2,51,338	1,58,000	18
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Posts and Telegraphs Department	62,65,133	...	...	62,65,133	66,19,000	19
Indo-European Telegraph Department	5,37,448	...	...	5,37,448	5,52,000	20
Total	68,02,581	...	...	68,02,581	71,71,000	21
Posts and Telegraphs Capital Account (charged to Revenue)—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Posts and Telegraphs Department	13,12,114	...	...	13,12,114	9,50,000	22
Indo-European Telegraph Department	44,446	4,667	8	49,121	—15,000	23
Total	13,56,560	4,667	8	13,61,235	9,35,000	24
Debt Services—						
19.—Interest on Ordinary Debt	20,82,19,791	17,85,47,020	2,08,866	38,69,75,677	21,05,76,000	25
Deduct—Amount chargeable to—						
Railways	*17,37,90,367*	*10,43,29,536*	*1,38,796*	*27,82,58,699*	*18,20,04,000*	26
Irrigation	*12,21,077*	...	...	*12,21,077*	*12,25,000*	27
Posts and Telegraphs	*69,61,542*	...	...	*69,61,542*	*73,50,000*	28
Other heads	*14,72,253*	...	...	*14,72,253*	*16,91,000*	29
Provincial Loans Fund	*5,87,78,074*	...	...	*5,87,78,074*	*6,18,97,000*	30
Remainder chargeable to Ordinary Debt	—3,40,03,522	7,42,17,484	70,070	4,02,84,032	4,35,91,000	31
20.—Interest on other Obligations	6,15,61,768	1,80,762	310	6,17,42,840	6,85,74,000	32
21.—Reduction or Avoidance of Debt	5,42,17,000	...	...	5,42,17,000	5,73,87,000	33
Total	8,17,75,246	7,43,98,246	70,380	15,62,43,872	8,23,70,000	34
Carried over	13,18,93,530	7,52,42,446	71,862	20,72,07,778	13,44,76,000	35

* Sterling converted into Rupees at £1 = Rs. 13⅓.

of the Central Government, in India and in England.

Item No.	Estimate, 1929-30.			Increase (+) Decrease (—) as compared with Budget, 1929-30.	Budget Estimate, 1930-31.				Increase (+) Decrease (—) as compared with Revised, 1929-30.
	* England.	Exchange.	Total.		India.	* England.	Exchange.	Total.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	1,42,000	1,000	1,00,69,000	+87,000	96,36,000	1,78,000	...	98,14,000	—2,55,000
2	1,45,000	1,000	73,47,000	+9,000	74,58,000	1,31,000	...	75,89,000	+3,42,000
3	99,000	1,000	1,27,87,000	—2,86,000	1,30,60,000	87,000	...	1,31,67,000	+3,80,000
4	1,32,000	1,000	49,10,000	—21,91,000	63,65,000	92,000	...	64,57,000	+15,47,000
5	1,000	...	10,90,000	—65,000	10,31,000	5,000	...	10,36,000	—54,000
6	5,000	...	16,79,000	+31,000	17,54,000	5,000	...	17,59,000	+80,000
7	29,000	...	92,000	+5,000	65,000	...	...	65,000	—27,000
8	2,10,000	2,000	33,95,000	—2,34,000	34,04,000	2,36,000	...	36,40,000	+2,45,000
9	...	...	30,000	...	30,000	...	...	30,000	...
10	7,63,000	6,000	4,12,99,000	—26,44,000	4,28,33,000	7,34,000	...	4,35,67,000	+22,58,000
11	...	...	1,21,000	—2,04,000	1,82,000	...	...	1,82,000	+61,000
12	...	...	...	...	...	...	...	...	...
13	29,000	...	4,00,000	—63,000	4,51,000	...	...	4,51,000	+51,000
14	29,000	...	5,21,000	—2,67,000	6,33,000	...	...	6,33,000	+1,12,000
15	...	...	12,25,000	—3,000	12,38,000	...	...	12,38,000	+13,000
16	58,000	...	16,53,000	+8,83,000	8,73,000	77,000	...	9,50,000	—7,03,000
17	58,000	...	28,78,000	+8,80,000	21,11,000	77,000	...	21,88,000	—6,90,000
18	...	...	1,58,000	—1,10,000	3,83,000	...	...	3,83,000	+2,25,000
19	...	...	66,19,000	+45,000	72,29,000	...	...	72,29,000	+6,10,000
20	...	...	5,52,000	—5,000	5,86,000	...	...	5,86,000	+34,000
21	...	...	71,71,000	+40,000	78,15,000	...	...	78,15,000	+6,44,000
22	...	...	9,50,000	—50,000	14,90,000	...	...	14,90,000	+5,40,000
23	5,000	...	—10,000	+1,000	—37,000	5,000	...	—32,000	—22,000
24	5,000	...	9,40,000	—49,000	14,53,000	5,000	...	14,58,000	+5,18,000
25	18,91,58,000	13,22,000	40,10,56,000	+1,12,14,000	21,96,33,000	18,78,96,000	...	40,75,29,000	+64,73,000
26	*10,73,06,000*	*7,50,000*	*29,00,60,000*	+7,64,000	*19,09,63,000*	*10,94,43,000*	...	*30,04,06,000*	—1,03,46,000
27	...	...	*12,25,000*	+3,000	*12,38,000*	...	...	*12,38,000*	—13,000
28	...	...	*73,50,000*	—51,000	*79,93,000*	...	...	*79,93,000*	—6,43,000
29	...	...	*16,91,000*	+6,9,000	*20,80,000*	...	...	*20,80,000*	—3,89,000
30	...	...	*6,18,97,000*	+1,92,000	*6,52,29,000*	...	...	*6,52,29,000*	—33,32,000
31	8,18,52,000	5,72,000	3,88,33,000	+1,27,81,000	—4,78,70,000	7,84,53,000	...	3,05,83,000	—82,50,000
32	3,91,000	3,000	6,89,68,000	—36,89,000	8,65,66,000	9,85,000	....	8,75,51,000	+1,85,83,000
33	...	...	5,73,87,000	+1,08,000	6,00,24,000	...	...	6,00,24,000	+26,37,000
34	8,22,43,000	5,75,000	16,51,88,000	+92,00,000	9,87,20,000	7,94,38,000	...	17,81,58,000	+1,29,70,000
35	8,30,98,000	5,81,000	21,61,55,000	+70,50,000	15,39,38,000	8,02,54,000	...	23,41,92,000	+1,60,37,000

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1928-29. India.	England.*	Exchange.	TOTAL.	REVISED India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	13,18,93,530	7,52,42,446	71,802	20,72,07,778	13,44,76,000	
Civil Administration—						
22.—General Administration	1,37,58,679	49,77,265	7,167	1,87,43,110	1,47,86,000	1
23.—Audit	92,80,036	3,59,800	624	96,40,460	98,66,000	2
24.—Administration of Justice	14,43,576	52,957	79	14,96,612	14,26,000	3
25.—Jails and Convict Settlements	34,72,276	41,484	43	35,13,803	40,09,000	4
26.—Police	71,73,925	1,88,746	240	73,62,911	74,12,000	5
27.—Ports and Pilotage	} 25,74,127	2,98,665	549	28,73,341	{ 22,98,000	
27 (1).—Lighthouses and Lightships	}				{ 13,18,000	6
28.—Ecclesiastical	23,83,630	8,41,875	1,411	32,31,916	23,50,000	7
29.—Political	1,44,13,167	14,13,268	2,588	1,58,28,003	1,44,14,000	8
29-A.—Frontier Watch and Ward	2,53,20,290	1,16,960	229	2,54,37,479	2,67,08,000	9
30.—Scientific Departments	81,27,835	11,65,368	1,009	92,94,232	84,29,000	10
31.—Education	44,49,200	87,624	116	45,36,940	51,78,000	11
32.—Medical	28,40,786	2,33,263	418	30,74,437	29,74,000	12
33.—Public Health	17,47,057	1,53,269	192	19,00,518	19,73,000	13
34.—Agriculture	28,59,189	1,16,138	195	29,75,522	46,16,000	14
35.—Industries	6,90,430	22,871	23	7,13,324	2,40,000	15
36.—Aviation	5,20,753	16,546	16	5,37,315	19,48,000	16
37.—Miscellaneous Departments	10,57,372	2,21,951	224	12,79,547	14,68,000	17
37-A.—Indian Stores Department	18,74,083	38,645	88	19,12,816	20,17,000	18
TOTAL	10,59,89,410	1,03,46,715	15,191	11,43,51,316	11,34,30,000	19
Currency and Mint—						
38.—Currency	33,70,534	9,11,068	1,120	42,82,722	36,57,000	20
39.—Mint	25,65,026	3,13,643	431	28,79,100	27,37,000	21
TOTAL	59,35,560	12,24,711	1,551	71,61,822	63,94,000	22
Civil Works—						
41.—Civil Works	1,58,20,035	1,08,013	148	1,59,28,196	2,62,38,000	23
Miscellaneous—						
43.—Famine—						
A.—Famine Relief	...	...	...	...	...	24
44.—Territorial and Political Pensions	26,94,786	1,17,925	202	28,12,913	31,52,000	25
45.—Superannuation Allowances and Pensions	11,27,508	2,32,90,033	34,513	2,44,52,054	27,10,000	26
46.—Stationery and Printing	50,56,884	5,60,600	841	56,18,325	48,42,000	27
47.—Miscellaneous	57,97,206	15,49,259	2,756	73,49,221	71,56,000	28
TOTAL	1,46,76,384	2,55,17,847	38,312	4,02,32,543	1,78,60,000	29
Miscellaneous capital outlay charged to Revenue—						
45-A.—Commuted value of pensions financed from Ordinary Revenue	3,60,309	...	...	3,60,309	9,15,000	30
Military Services—						
48.—Army—						
Effective	36,49,32,850	8,04,61,090	1,00,753	44,54,94,693	35,68,57,000	31
Non-effective	3,53,95,189	4,88,33,630	68,525	8,43,00,344	'S,54,03,000	32
	40,03,28,039	12,92,97,720	1,69,278	52,97,95,037	39,22,60,000	33
49.—Marine	53,94,973	27,98,170	4,410	81,86,803	53,84,000	34
50.—Military Engineer Services	4,39,79,394	3,69,266	214	4,43,48,874	4,59,96,000	35
50-A.—Transfers to Military Reserve Fund	26,06,737	...	...	26,06,737	33,95,000	36
TOTAL	45,23,08,443	13,24,55,106	1,73,902	58,49,37,451	44,70,35,000	37
Contributions and miscellaneous adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous adjustments between the Central and Provincial Governments.	1,08,059	...	...	1,08,059	...	38
Extraordinary Items—						
52.—Extraordinary Payments	1,20,510	...	...	1,20,510	7,000	39
52-I.—Transfers to Revenue Reserve Fund	...	...	...	...	...	40
TOTAL	1,20,510	...	...	1,20,510	7,000	41
Railway Expenditure as per Railway Budget	20,26,21,350	11,97,68,001	1,67,142	32,25,56,493	18,67,01,000	42
TOTAL EXPENDITURE CHARGED TO REVENUE	92,78,33,500	36,46,62,839	4,68,048	1,29,29,64,477	93,30,56,000	43

* Sterling converted into Rupees at £1 = Rs. 13⅓.

of the Central Government, in India and in England—*contd.*

Item No.	Estimate, 1929-30.			Increase (+) Decrease (—) as compared with Budget, 1929-30.	Budget Estimate, 1930-31.				Increase (+) Decrease (—) as compared with Revised, 1929-30.
	* England.	Exchange.	Total.		India.	* England.	Exchange.	Total.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	6,30,98,000	5,81,000	21,81,55,000	+70,50,000	15,39,38,000	8,02,54,000	...	23,41,92,000	+1,60,37,000
1	77,67,000	55,000	2,26,08,000	+5,06,000	1,52,92,000	56,63,000	...	2,09,55,000	—16,53,000
2	3,29,000	2,000	1,01,97,000	+70,000	1,01,98,000	3,47,000	...	1,05,45,000	+3,48,000
3	1,10,000	1,000	15,37,000	+47,000	14,41,000	1,08,000	...	15,49,000	+12,000
4	69,000	1,000	40,79,000	—82,000	47,92,000	45,000	...	48,37,000	+7,58,000
5	1,82,000	1,000	75,95,000	—64,000	78,96,000	1,57,000	...	80,53,000	+4,88,000
6	2,65,000	2,000	25,85,000	—23,000	25,02,000	2,98,000	...	28,00,000	+2,15,000
	...	...	13,18,000	+2,27,000	12,85,000	...	...	12,85,000	—33,000
7	8,53,000	6,000	32,09,000	—47,000	23,97,000	8,47,000	...	32,44,000	+35,000
8	14,75,000	10,000	1,58,99,000	+3,23,000	1,60,67,000	13,42,000	...	1,74,09,000	+15,10,000
9	1,61,000	1,000	2,63,10,000	—6,90,000	2,77,24,000	1,14,000	...	2,78,38,000	+10,28,000
10	11,34,000	8,000	95,71,000	+1,18,000	86,10,000	13,88,000	...	99,98,000	+4,27,000
11	65,000	...	52,43,000	—51,000	62,51,000	74,000	...	63,25,000	+10,82,000
12	2,12,000	2,000	31,88,000	+44,000	31,50,000	1,87,000	...	33,37,000	+1,49,000
13	1,40,000	1,000	21,14,000	—48,000	19,09,000	1,37,000	...	20,46,000	—68,000
14	1,63,000	1,000	47,80,000	—86,000	49,67,000	1,83,000	...	51,50,000	+3,70,000
15	46,000	...	2,86,000	—8,000	2,59,000	56,000	...	3,15,000	+29,000
16	2,43,000	2,000	21,93,000	—2,40,000	26,42,000	5,34,000	...	31,76,000	+9,83,000
17	1,08,000	1,000	15,77,000	+2,77,000	26,41,000	1,41,000	...	27,82,000	+12,05,000
18	66,000	...	20,83,000	—75,000	9,29,000	56,000	..	9,85,000	—10,98,000
19	1,33,48,000	94,000	12,68,72,000	+1,98,000	12,09,52,000	1,17,07,000	...	13,26,59,000	+57,87,000
20	9,16,000	6,000	45,79,000	—2,76,000	50,67,000	65,000	...	50,72,000	+4,93,000
21	1,22,000	1,000	28,60,000	+6,13,000	25,83,000	1,06,000	...	26,94,000	—1,66,000
22	10,38,000	7,000	74,39,000	+3,37,000	75,95,000	1,71,000	...	77,66,000	+3,27,000
23	86,000	1,000	2,63,25,000	+3,90,000	2,79,65,000	1,21,000	...	2,81,06,000	+17,81,000
24	1,000	...	1,000	+1,000	...	...	...	...	—1,000
25	1,31,000	1,000	32,84,000	+51,000	31,51,000	1,20,000	...	32,71,000	—13,000
26	2,39,03,000	1,67,000	2,67,80,000	+22,56,000	20,70,000	2,24,56,000	...	2,45,26,000	—22,54,000
27	9,12,000	6,000	57,60,000	+6,97,000	48,32,000	5,70,000	...	54,02,000	—3,58,000
28	19,29,000	14,000	90,99,000	+18,56,000	61,08,000	17,95,000	...	79,03,000	—11,96,000
29	2,68,76,000	1,88,000	4,49,24,000	+48,61,000	1,61,61,000	2,49,41,000	...	4,11,02,000	—38,23,00
30	...	...	9,15,000	+2,85,000	5,85,000	...	...	5,85,000	—3,30,000
31	8,95,67,000	6,26,000	44,70,50,000	+3,13,000	35,54,20,000	8,13,44,000	...	43,67,64,000	—1,02,86,000
32	4,95,54,000	3,47,000	8,54,04,000	+17,33,000	2,57,01,000	4,97,13,000	...	8,54,14,000	+10,000
33	13,92,21,000	9,73,000	53,24,54,000	+20,76,000	39,11,21,000	13,10,57,000	...	52,21,78,000	—1,02,76,000
34	30,47,000	22,000	84,53,000	+2,31,000	60,75,000	29,57,000	...	90,32,000	+5,79,000
35	4,76,000	3,000	4,64,75,000	—7,96,000	4,80,56,000	4,42,000	...	4,84,98,000	+20,23,000
36	...	..	33,95,000	+33,95,000	...	...	...	...	—33,95,000
37	14,27,44,000	9,98,000	59,07,77,000	+49,06,000	44,52,52,000	13,44,56,000	...	57,97,08,000	—1,10,69,000
38	...	...	...	...	...	...	...	...	...
39	...	...	7,000	—2,18,000	50,000	...	...	50,000	+43,000
40	...	...	...	...	...	...	...	...	...
41	...	...	7,000	—2,18,000	50,000	...	...	50,000	+43,000
42	12,12,41,000	8,52,000	30,94,94,000	—3,35,34,000	19,07,76,000	12,38,67,000	...	32,36,43,000	+1,41,49,000
43	38,91,31,000	27,21,000	1,32,49,08,000	—1,57,25,000	97,22,94,000	37,55,17,000	...	1,34,78,11,000	+2,29,03,000

C.—Statement of Receipts and Disbursements of the

	Accounts, 1928-29.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,25,81,52,140	3,16,18,864	1,28,97,71,004
Exchange added to Revenue	39,471	...	39,471
Total	1,25,81,91,611	3,16,18,864	1,28,98,10,475
Railway Capital not charged to Revenue—			
As per Railway Budget	14,794	...	14,794
Public Debt Incurred—			
Permanent Debt—			
Sterling Debt—			
6 per cent. Bonds 1932-33	...	...	
5½ per cent. Stock	...	16,83,246	
4½ per cent. Stock	...	12,30,64,592	
Rupee Debt—			
New Rupee Loan	...	...	
4½ per cent. Bonds, 1934	25,98,05,600	...	
Do. Loan, 1955-60	9,05,69,700	...	
5 per cent. Bonds, 1935	...	...	
Do. Loan 1939-44	...	...	
3½ per cent. Loans	13,15,500	...	
Total	35,16,90,800	12,47,47,838	47,64,38,638
Floating Debt—			
Treasury Bills—			
Issued to Public	22,38,00,000	...	
Issued to Paper Currency Reserve	70,44,10,000	...	
India Bills	...	8,00,00,000	
Temporary Loans	23,50,00,000	...	
Total	1,16,32,10,000	8,00,00,000	1,24,32,10,000
Carried over	2,77,31,07,205	23,63,66,702	

* Sterling converted into Rupees at £1 = Rs. 13⅓.

Central Government, in India and in England—*contd.*

Revised Estimate, 1929-30.			Budget Estimate, 1930-31.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,27,58,74,000	5,21,69,000	1,32,80,43,000	1,32,18,84,000	3,45,27,000	1,35,64,11,000
3,65,000	...	3,65,000	...	...	...
1,27,62,39,000	5,21,69,000	1,32,84,08,000	1,32,18,84,000	3,45,27,000	1,35,64,11,000
...	...	...	...	...	..
...	7,92,00,000		...	2,62,000	
...	17,90,000		...	19,04,000	
...	18,22,000		...	19,21,000	
...	...		23,50,00,000	...	
...	...		...	...	
...	...		...	...	
8,10,49,000	...		...	...	
29,14,23,000	...		...	...	
4,80,000	...		8,55,000	...	
57,29,52,000	,12,00	45,57,64,000	23,58,55,000	40,87,000	23,99,42,000
53,11,00,000	...		40,00,00,000	...	
61,25,90,000	...		34,50,10,000	...	
...	16,00,00,000		...	8,00,00,000	
12,00,00,000	...		...	...	
1,26,36,90,000	16,00,00,000	1,42,36,90,000	74,50,10,000	8,00,00,000	82,50,10,000
2,91,28,81,000	29,49,81,000		2,30,27,49,000	11,86,14,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1928-29.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Brought forward .	2,77,31,07,205	23,63,66,702	
Unfunded Debt—			
Deposits of Service Funds . . .	9,87,535	32,95,037	
Post Office Cash Certificates . . .	4,90,76,385	...	
Savings Bank Deposits	35,82,82,502	...	
Total .	40,83,46,422	32,95,037	41,16,41,459
Deposits and Advances—			
Provincial Loans Fund	18,95,93,043	...	
Posts and Telegraphs Depreciation Fund .	40,11,332	...	
Deposits of Local Funds—			
District Funds	16,76,71,432	...	
Other Funds	10,19,82,570	...	
Sinking Funds for Central Loans . .	1,53,69,015	...	
Other appropriations for Reduction or Avoidance of Debt	4,06,13,000	...	
Sinking Fund Investment Account . .	2,63,76,044	...	
Sinking Funds for loans granted to local bodies	3,95,661	...	
Gold Standard Reserve	...	65,32,35,244	
Paper Currency Reserve . . .	...	34,43,27,960	
Deposits of Branch Line Companies . .	5,96,826	...	
Road Development Fund . . .	4,50,000	...	
Post Office Cash Certificate Bonus Fund .	...	...	
Departmental and Judicial Deposits .	94,60,81,619	...	
Advances	27,67,75,466	2,90,889	
Discount Sinking Fund . . .	17,88,000	...	
Suspense	58,80,767	5,96,646	
Exchange on Remittance Accounts . .	16,72,683	...	
Miscellaneous	5,00,411	1,52,86,075	
Military Reserve Fund	26,06,737	...	
Total .	1,78,23,64,606	1,01,37,36,814	2,79,61,01,420
Railway Depreciation and Reserve Funds as per Railway Budget . . .	14,57,71,990	...	14,57,71,990
Carried over .	5,10,95,60,223	1,25,33,98,553	

* Sterling converted into Rupees at £1 = Rs. 13⅓.

Central Government, in India and in England—*contd.*

Revised Estimate, 1929-30.			Budget Estimate, 1930-31.		
India.	†England.	Total.	India.	†England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,91,28,81,000	29,49,81,000		2,30,27,49,000	11,86,14,000	
9,59,000	37,34,000		9,52,000	15,52,000	
7,25,00,000	...		7,00,00,000	...	
37,27,41,000	5,67,33,000		38,75,31,000	...	
44,62,00,000	6,04,67,000	50,66,67,000	45,84,83,000	15,52,000	46,00,35,000
31,04,78,000	...		16,94,36,000	...	
42,43,000	...		45,86,000	...	
16,95,86,000	...		17,11,45,000	...	
10,41,71,000	...		10,27,21,000	...	
1,60,20,000	...		2,13,00,000	...	
4,37,83,000	...		4,20,49,000	...	
12,95,000	...		...	...	
4,12,000	...		4,28,000	...	
...	72,09,65,000		...	77,00,40,000	
...	38,51,72,000		...	13,06,68,000	
4,00,000	...		8,00,000	...	
1,04,39,000	...		1,08,00,000	...	
...	...		88,00,000	...	
91,84,08,000	...		92,32,99,000	...	
32,34,83,000	1,58,000		27,99,85,000	1,19,000	
29,27,000	...		46,06,000	...	
6,43,81,000	—14,67,000		8,01,72,000	7,51,000	
24,64,000	...		...	...	
14,72,000	1,50,06,000		47,45,000	1,48,11,000	
33,95,000	...		...	...	
1,97,73,57,000	1,11,98,34,000	3,09,71,91,000	1,82,48,72,000	91,63,89,000	2,74,12,61,000
12,60,00,000	...	12,60,00,000	13,58,95,000	...	13,58,95,000
5,46,24,38,000	1,47,52,82,000		4,72,19,99,000	1,03,65,55,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1928-29.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Brought forward .	5,10,95,90,223	1,25,33,98,553	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund .	...	...	
Other Loans and Advances . .	82,70,618	...	
Total	82,70,618	...	82,70,618
Remittances—			
Remittances within India—			
Inland Money Orders	97,09,08,112	...	
Other Local Remittances . .	25,11,440	...	
Other Departmental Accounts . .	646	...	
Net Receipts by Civil Treasuries from—			
Railways	4,09,77,298	...	
Posts and Telegraphs	74,93,621	...	
Net Receipts from Civil Treasuries by—			
Army, Marine and Military Engineer Services	38,65,76,205	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	97,26,000	
Sale of Silver	...	3,45,89,687	
Other transactions	2,72,22,707	3,76,93,351	
Remittances from India for financing Home Treasury	...	41,08,00,000	
Transfers through the Currency Reserve	6,91,99,983	...	
Total .	1,51,08,90,012	49,28,09,038	2,00,36,99,050
Balances of Provincial Governments	3,09,07,480	...	3,09,07,480
Total Receipts	6,65,96,58,333	1,74,62,07,591	
Opening Balance . . .	9,16,10,089	7,54,87,402 (a)	
GRAND TOTAL .	6,75,12,68,422	1,82,16,94,993	

* Sterling converted into Rupees at £1 = Rs. 13⅓.

(a) Of this amount, £ 4,028 represents the funds of the Gold Standard Reserve.

Central Government, in India and in England—*contd.*

Revised Estimate, 1929-30.			Budget Estimate, 1930-31.		
India.	England.	Total.	India.	England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
5,46,24,38,000	1,47,52,82,000		4,72,19,99,000	1,03,65,55,000	
7,00,99,000	...		...	...	
88,51,000	...		88,53,000	...	
7,89,50,000	...	7,89,50,000	88,53,000	...	88,53,000
98,74,00,000	...		99,89,00,000	...	
3,70,000	...		2,84,000	...	
3,36,58,000	...		3,16,66,000	...	
3,55,83,000	...		10,07,05,000	...	
1,28,02,000	...		58,67,000	...	
38,25,87,000	...		38,52,23,000	...	
...	77,04,000		...	77,20,000	
...	5,02,12,000		...	66,68,000	
1,75,24,000	3,77,87,000		1,72,74,000	2,87,48,000	
...	25,40,00,000		...	42,40,00,000	
5,06,00,000	12,66,68,000		66,68,000	...	
1,52,05,24,000	47,63,71,000	1,99,68,95,000	1,54,65,87,000	46,71,36,000	2,01,37,23,000
...	...	...	1,49,48,000	...	1,49,48,000
7,06,19,12,000	1,95,16,53,000 (*b*)		6,29,23,87,000	1,50,36,91,000 (*b*)	
9,20,46,097	6,99,36,668		17,79,20,097	9,30,41,668	
7,15,39,58,097	2,02,15,89,668		6,47,03,07,097	1,59,67,32,668	

(*b*) Of this amount, £3,042 represents the funds of the Gold Standard Reserve.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1928-29.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	92,78,33,590	36,46,62,839	1,29,24,96,429
Exchange charged as Expenditure	4,68,048	...	4,68,048
Total	92,83,01,638	36,46,62,839	1,29,29,64,477
Irrigation, Posts and Telegraphs and other Capital Outlay not charged to Revenue—			
Security Printing Press	—4,75,524	...	—4,75,524
Irrigation, etc., Works	36,040	...	36,040
Posts and Telegraphs	42,79,865	10,53,320	53,33,185
Vizagapatam Port	26,33,543	2,89,821	29,23,364
Lighthouses and Lightships	...	...	...
Currency	2,94,959	42,055	3,37,014
Initial Expenditure on New Capital at Delhi	32,01,737	4,62,886	36,64,623
Payment of Commuted value of Pensions	36,09,034	...	36,09,034
Bombay Land Scheme	...	...	...
Total	1,35,79,654	18,48,082	1,54,27,736
Railway Capital not charged to Revenue—			
As per Railway Budget	15,66,58,409	13,68,48,339	29,35,06,748
Public Debt Discharged—			
Permanent Debt—			
Sterling Debt—			
7 p. c. Stock	...	15,220	
State Railway annuities	...	1,92,28,689	
Do. Do. Sinking Funds	...	26,66,667	
Liabilities in respect of British War Loan (1929-47)	...	75,22,551	
Rupee Debt—			
6 p. c. Bonds, 1930	...	...	
Do. Do. 1931	...	...	
Do. Do. 1932	...	...	
Other 6 p. c. Bonds	17,53,900	...	
5½ p. c. War Bonds, 1928	16,32,04,050	...	
Other 5½ p. c. War Bonds	2,80,175	...	
5 p. c. Loan, 1945-55	...	...	
4 p. c. Terminable Loan	34,700	...	
5 p. c. Loan, 1939—44	...	...	
Other Loans	15,41,946	...	
Total	16,68,14,771	2,94,33,127	19,62,47,898
Carried over	1,26,53,54,472	53,27,92,387	

*Sterling converted into Rupees at £1 = Rs. 13⅓.

Central Government, in India and in England—*contd.*

Revised Estimate, 1929-30.			Budget Estimate, 1930-31.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
93,30,56,000	38,91,31,000	1,32,21,87,000	97,22,94,000	37,55,17,000	1,34,78,11,000
27,21,000	...	27,21,000	...	...	...
93,57,77,000	38,91,31,000	1,32,49,08,000	97,22,94,000	37,55,17,000	1,34,78,11,000
23,000	...	23,000	45,000	...	45,000
2,53,000	...	2,53,000	1,01,000	...	1,01,000
45,18,000	6,95,000	52,13,000	60,44,000	8,27,000	68,71,000
30,00,000	4,50,000	34,50,000	33,00,000	1,20,000	34,20,000
—3,36,000	3,36,000	...	—5,44,000	5,44,000	...
1,19,000	39,000	1,58,000	1,88,000	...	1,88,000
62,71,000	5,03,000	67,74,000	49,41,000	2,43,000	51,84,000
35,24,000	...	35,24,000	33,59,000	...	33,59,000
...	...	...	2,05,22,000	...	2,05,22,000
1,73,72,000	20,23,000	1,93,95,000	3,79,56,000	17,34,000	3,96,90,000
14,26,84,000	16,93,73,000	31,20,57,000	12,39,00,000	4,36,00,000	16,75,00,000
...	...		...	...	
...	1,98,95,000		...	2,05,85,000	
...	26,67,000		...	26,67,000	
...	78,92,000		...	82,85,000	
13,51,06,000	...		15,50,00,000	...	
3,94,62,000	...		...	...	
4,85,60,000	...		...	...	
5,20,000	...		3,00,000	...	
15,50,000	...		7,50,000	...	
1,29,000	...		1,50,000	...	
13,00,000	...		...	...	
8,000	...		5,000	...	
...	...		46,00,000	...	
5,62,000	...		10,00,000	...	
22,71,97,000	3,04,54,000	25,76,51,000	16,18,05,000	3,15,37,000	19,33,42,000
1,32,30,30,000	59,09,81,000		1,29,59,55,000	45,23,88,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1928-29.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Brought forward	1,26,53,54,472	53,27,92,387	
Floating Debt—			
Treasury Bills—			
Issued to Public	25,97,25,000	...	
Do. Paper Currency Reserve	63,22,60,000	...	
India Bills	...	8,00,00,000	
Temporary Loans	23,50,00,000	...	
Total	1,12,69,85,000	8,00,00,000	1,20,69,85,000
Unfunded Debt—			
Special Loans	36,689	...	
Deposits of Service Funds	13,55,073	35,728	
Post Office Cash Certificates	3,30,26,312	...	
Savings Bank Deposits	29,30,92,361	...	
Total	32,75,10,435	35,728	32,75,46,163
Deposits and Advances—			
Provincial Loans Fund	18,95,03,074	...	
Posts and Telegraphs Depreciation Fund	2,94,460	...	
Deposits of Local Funds—			
District Funds	16,94,21,410	...	
Other Funds	10,19,06,126	...	
Sinking Funds for Central Loans	...	...	
Sinking Fund Investment Account	4,16,04,750	...	
Gold Standard Reserve	...	65,32,48,391	
Paper Currency Reserve	...	34,43,27,960	
Deposits of Branch Line Companies	6,95,977	...	
Road Development Fund	...	...	
Departmental and Judicial Deposits	92,92,84,886	...	
Advances	27,36,30,133	2,31,852	
Discount Sinking Fund	1,19,29,322	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve	3,41,82,483	...	
Suspense	3,92,03,791	8,04,246	
Miscellaneous	11,43,465	1,52,72,575	
Revenue Reserve Fund	74,14,886	...	
Military Reserve Fund	...	...	
Total	1,80,02,14,763	1,01,38,85,024	2,81,40,99,787
Railway Depreciation and Reserve Funds as per Railway Budget	9,59,84,100	...	9,59,84,100
Carried over	4,61,60,48,770	1,62,67,13,139	

* Sterling converted into Rupees at £1 = Rs. 13⅓.

Central Government, in India and in England—*contd.*

Revised Estimate, 1929-30.			Budget Estimate, 1930-31.		
India.	England.	Total.	India.	England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,32,30,30,000	59,09,81,000		1,29,59,55,000	45,23,88,000	
33,10,50,000	...		44,00,00,000	...	
65,91,10,000	...		34,50,10,000	...	
...	8,00,00,000		...	8,00,00,000	
12,00,00,000	...		...	...	
1,11,01,60,000	8,00,00,000	1,19,01,60,000	78,50,10,000	8,00,00,000	86,50,10,000
37,000	...		37,000	...	
13,71,000	1,01,000		14,02,000	1,82,000	
4,30,00,000	...		4,60,00,000	...	
29,10,66,000	3,06,66,000		29,26,95,000	2,60,67,000	
33,54,74,000	3,07,67,000	36,62,41,000	34,01,34,000	2,62,49,000	36,63,83,000
31,02,49,000	...		16,97,47,000	...	
1,75,000	...		1,82,000	...	
17,07,91,000	...		17,13,03,000	...	
10,43,71,000	...		10,32,21,000	...	
13,19,000	...		43,71,000	...	
1,61,37,000	...		1,69,29,000	...	
...	72,09,65,000		...	77,00,40,000	
...	38,51,72,000		...	13,06,68,000	
3,50,000	...		5,50,000	...	
48,65,000	...		91,30,000	...	
93,48,67,000	...		92,98,28,000	...	
32,57,73,000	1,46,000		28,05,12,000	1,19,000	
1,77,59,000	...		...	...	
6,38,00,000	...		...	...	
4,72,59,000	8,56,000		8,07,33,000	7,30,000	
2,000	1,50,94,000		...	1,48,11,000	
...	...		...	...	
...	...		26,07,000	...	
1,99,77,17,000	1,12,22,33,000	3,11,99,50,000	1,76,91,13,000	91,63,68,000	2,68,54,81,000
12,36,30,000	...	12,36,30,000	8,50,00,000	...	8,50,00,000
4,89,00,11,000	1,82,39,81,000		4,27,52,12,000	1,47,50,05,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1928-29.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Brought forward	4,61,60,48,770	1,62,67,13,139	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	11,14,08,000	...	
Other Loans and Advances	2,40,86,668	...	
Total	13,54,94,668	...	13,54,94,668
Remittances—			
Remittances within India—			
Inland Money Orders	97,45,85,666	...	
Other Local Remittances	...	...	
Other Departmental Accounts	1,14,268	...	
Net Payments into Civil Treasuries by—			
Railways	4,23,56,401	...	
Posts and Telegraphs	78,09,053	...	
Net Issues from Civil Treasuries to—			
Army, Marine and Military Engineer Services	38,50,04,963	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	97,26,000	...	
Sale of Silver	3,45,89,687	...	
Other transactions	4,26,92,849	1,92,54,077	
Remittances from India for financing Home Treasury	41,08,00,000	...	
Transfers through the Paper Currency Reserve	...	6,91,99,983	
Total	1,90,76,78,887	8,84,54,060	1,99,61,32,947
Balances of Provincial Governments	...	3,65,91,126	3,65,91,126
Total Disbursements	6,65,92,22,325	1,75,17,58,325 (b)	
Closing Balance	9,20,46,097	6,99,36,668	
GRAND TOTAL	6,75,12,68,422	1,82,16,94,993	

*Sterling converted into Rupees at £1 = Rs. 13⅓.

(b) Of this amount, £3,042 represents the

Central Government, in India and in England—*concld.*

Revised Estimate, 1929-30.			Budget Estimate, 1930-31.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
4,89,00,11,000	1,82,39,81,000		4,27,52,12,000	1,47,50,05,000	
11,90,21,000	...		5,32,25,000	...	
2,96,53,000	...		2,29,90,000	...	
14,86,74,000	...	14,86,74,000	7,62,15,000	...	7,62,15,000
98,69,00,000	...		99,84,00,000	...	
2,09,000	...		3,36,000	...	
3,35,77,000	...		3,16,19,000	...	
3,55,83,000	...		10,07,05,000	...	
1,28,02,000	...		58,67,000	...	
38,25,87,000	...		38,52,23,000	...	
77,04,000	...		77,20,000	...	
5,02,12,000	...		66,68,000	...	
3,77,87,000	1,75,24,000		2,87,48,000	1,72,74,000	
25,40,00,000	...		42,40,00,000	...	
12,66,68,000	5,06,00,000		...	66,68,000	
1,92,80,29,000	6,81,24,000	1,99,61,53,000	1,98,92,86,000	2,39,42,000	2,01,32,28,000
93,24,000	3,64,43,000	4,57,67,000	...	4,10,61,000	4,10,61,000
6,97,60,38,000	1,92,85,48,000 (*b*)		6,34,07,13,000	1,54,00,08,000 (*b*)	
17,79,20,097	9,30,41,668		12,95,94,097	5,67,24,668	
7,15,39,58,097	2,02,15,89,668		6,47,03,07,097	1,59,67,32,668	

f unds of the Gold Standard Reserve.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	Accounts, 1928-29.		Revised Estimate, 1929-30.		Budget Estimate, 1930-31.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	48,34,41,723	...	50,01,40,000	...	53,65,67,000	...
Taxes on Income	16,01,32,084	...	16,37,59,000	...	17,23,89,000	...
Salt	6,36,67,065	...	5,44,32,000	...	5,73,16,000	...
Opium	2,71,64,155	...	2,59,17,000	...	2,07,23,000	...
Other Heads	1,62,48,448	...	1,65,16,000	...	1,65,56,000	...
Total	75,06,59,475	...	76,07,64,000	...	80,35,51,000	...
Forest and other Capital Outlay charged to Revenue	...	3,62,465	...	5,21,000	...	6,33,000
Irrigation	...	12,84,507	...	17,61,000	...	11,46,000
Railways	5,23,19,457	...	6,11,86,000	...	5,73,57,000	...
Posts and Telegraphs	...	74,22,462	...	73,12,000	...	71,21,000
Debt Services	...	12,82,40,836	...	13,19,10,000	...	14,36,27,000
Civil Administration	...	10,42,57,796	...	11,55,66,000	...	12,20,15,000
Currency and Mint	2,16,70,906	...	2,11,12,000	...	2,11,49,000	...
Civil Works	...	1,42,23,559	...	2,38,90,000	...	2,54,89,000
Miscellaneous	...	3,16,45,425	...	3,66,18,000	...	3,30,76,000
Military Services	...	55,10,00,000	...	55,10,00,000	...	54,35,00,000
Provincial Contributions and Miscellaneous adjustments between Central and Provincial Governments.	2,91,690	...	...	...	...	...
Extraordinary Items	1,03,41,520	...	1,90,16,000	...	31,50,000	...
Total	83,52,83,048	83,84,37,050	86,20,78,000	85,85,78,000	88,52,07,000	87,66,07,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*concld.*

Revenue and Expenditure.	Accounts, 1928-29.		Revised Estimate, 1929-30.		Budget Estimate, 1930-31.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus or deficit	...	31,54,902	35,00,000	...	88,00,000	...
Capital Account—						
Capital outlay on Security Printing Press	...	—4,75,524	...	23,000	...	45,000
Railway Capital not charged to Revenue	14,794	29,35,06,748	...	31,20,57,000	...	16,75,00,000
Construction of Irrigation Works	...	36,040	...	2,53,000	...	1,01,000
Capital outlay on Posts and Telegraphs	...	53,33,185	...	52,13,000	...	68,71,000
Capital outlay on Vizagapatam Port	...	29,23,364	...	34,50,000	...	34,20,000
Capital outlay on Lighthouses and Lightships	...	...	...	...	...	...
Currency Capital outlay	...	3,37,014	...	1,58,000	...	1,88,000
Initial expenditure on New Capital at Delhi	...	36,64,623	...	67,74,000	...	51,84,000
Payment of commuted value of pensions	...	36,09,034	...	35,24,000	...	33,59,000
Capital outlay on Bombay Land Scheme	...	...	...	...	...	2,05,22,000
Debt, Deposits, Advances and Remittances—						
Permanent Debt	28,01,90,740	...	19,81,13,000	...	4,66,00,000	...
Floating Debt	3,62,25,000	...	23,35,30,000	...	...	4,00,00,000
Unfunded Debt	8,40,95,296	...	14,04,26,000	...	9,36,52,000	...
Deposits and Advances	3,17,89,523	...	...	2,03,89,000	10,66,75,000	...
Loans and Advances by Central Government	...	12,72,24,050	...	6,97,24,000	...	6,73,62,000
Remittances	75,66,103	...	7,42,000	...	4,95,000	...
Balances of Provincial Governments	...	56,83,646	...	4,57,07,000	...	2,61,13,000
Opening Balance	16,70,97,491	...	16,19,82,765	...	27,09,61,765	...
Closing Balance	...	16,19,82,765	...	27,09,61,765	...	18,63,18,765
Total	60,69,78,947	60,69,78,947	73,82,93,765	73,82,93,765	52,69,83,765	52,69,83,765

Explanatory Memorandum

by the

Financial Secretary.

(Unless otherwise stated, the amounts in the tables are in lakhs of rupees and the expressions "last year", "current year", and "next year" stand for the financial years 1928-29, 1929-30, and 1930-31 respectively.)

The following table compares the total recorded revenue and expenditure of the Government of India in the year 1928-29 with the budget and revised estimates for the year :—

	Budget.	Revised.	Accounts.
Revenue	1,29,64·75	1,31,19·67	1,28,98·10
Expenditure	1,29,59·69	1,31,19·67	1,29,29·64
Surplus +, Deficit— . . .	+5·06	..	—31·54

The figures of revenue and expenditure, however, include transfers from and to the Revenue Reserve Fund. The totals, exclusive of such transfers, compare as follows :—

	Budget.	Revised.	Accounts.
Revenue	1,29,64·75	1,31,19·67	1,28,23·95
Expenditure	1,29,59·69	1,30,90·04	1,29,29·64
Surplus +, Deficit— . . .	+5·06	+29·63	—1,05·69

2. Thus the deterioration in the revenue position, as compared with the revised estimate, is 1,35·32 lakhs which is more than accounted for by a short-fall of revenue from Customs (76 lakhs) and Interest (78 lakhs) in the last two months of the year.

3. As regards Customs, the decrease in receipts in February and March was unexpected, the receipts for the latter month actually falling below those for February, which is almost unprecedented. The following table of net receipts indicates that this exceptional result to some extent represented a throw-forward into the current year :—

	1926.	1927.	1928.	1929.
January	4,42	4,20	4,48	4,84
February	3,88	3,94	4,00	4,12
March	4,58	4,22	4,24	4,06
April	3,94	3,72	3,94	4,54
May	3,74	3,51	3,67	4,17

4. As regards Interest, the deterioration relates entirely to receipts from the Gold Standard Reserve. The extent of the fluctuations on this account will be clear from the following figures :—

	£
Actuals, 1926-27	1,947,864
„ 1927-28	1,833,936
Revised, 1928-29	1,844,400
Actuals, „	1,242,870
Budget, 1929-30	1,760,100
Revised, „	2,400,000
Budget, 1930-31	1,700,025

The reduction in 1928-29 did not represent a real loss of revenue, but was accounted for by the depreciation in the current market value of the securities held in the Reserve, which followed the rise in the Bank of England rate on the 7th February 1929 from 4½ to 5½ per cent. In order to guard the budgetary position against such wide fluctuations in future, it has been decided to institute an Equalisation Fund as explained in paragraph 23 of the Finance Member's budget speech.

5. The following statement compares the actual revenue and expenditure of the Central Government with the revised estimates from 1921-22 onwards. The figures again are exclusive of transfers from and to the Revenue Reserve Fund which have been brought together in paragraph 6.

Year.	Revised estimate.			Actuals.			Actual outturn better +, worse—, than Revised estimate.
	Revenue.	Expenditure.	Surplus (+) Deficit (—).	Revenue.	Expenditure.	Surplus (+) Deficit (—).	
1921-22 . . .	1,13,15·32	1,41,94·52	—28,79·20	1,15,21·50	1,42,86·52	—27,65·02	+1,14·18
1922-23 . . .	1,20,70·17	1,37,95·52	—17,25·35	1,21,41·29	1,36,43·05	—15,01·76	+2,23·59
1923-24 . . .	1,31,96·04	1,29,89·97	+2,06·07	1,33,16·63	1,30,77·63	+2,39·00	+32·93
1924-25 . . .	1,34,82·26	1,30,82·68	+3.99·58	1,38,03·92	1,32,35·66	+5,68·26	+1,68·68
1925-26 . . .	1,31.35 25	1,30,04·87	+1,30·38	1,33,32·98	1,30,01·80	+3.31·18	+2,00·80
1926-27 . . .	1,29,97·48	1,27,15·44	+2,82·04	1,31,70·00	1,28,74·37	+2,95·63	+13·59
1927-28 . . .	1,26,05·25	1,27,73·98	—1,68·73	1,25,04·80	1,27,26·28	—2,21·48	—52·75
1928-29 . .	1,31,19·67	1,30,90·04	+29·63	1,28,23·95	1,29,29·64	—1,05·69	—1,35·32

6. The transactions relating to the Revenue Reserve Fund were as follows :—

Year.	Transactions.	Closing balance.
1926-27	+2,95·63	2,95·63
1927-28	—2,21·48	74·15
1928-29	—74·15	..

There is thus no balance in the Fund at present.

7. The broad results of our estimating for the current year and the next as detailed in the budget statements, are as follows :—

	Budget, 1929-30.	Revised, 1929-30.	Budget, 1930-31.
Revenue	1,34,06·33	1,32,84·08	1,35,64·11
Expenditure	1,34,06·33	1,32,49·08	1,34,78·11
Surplus	..	35·00	86·00

8. The above totals, however, include the following special items :—

	Budget, 1929-30.	Revised, 1929-30.	Budget, 1930-31.
Revenue.			
(i) Transfer from Revenue Reserve Fund	89·69	..	..
(ii) Appropriation of the balance at credit of the German Liquidation Account (*vide* paragraph 52)	..	1,56·15	..
(iii) Net effect of changes in taxation (*vide* paragraphs 12 and 19)	..	35·00	4,96·00
(iv) Revenue from excise duty on motor-spirit to be credited to the Road Development Fund	83·30	95·00	1,08·00
Expenditure.			
(v) Transfer of (iv) above to the Road Development Fund	83·30	95·00	1,08·00

9. If we omit these special items, we have the following totals which bring out the position more clearly :—

	Budget, 1929-30.	Revised, 1929-30.	Budget, 1930-31.
Revenue	1,32,33·34	1,29,97·93	1,29,60·11
Expenditure	1,33,23·03	1,31,54·08	1,33,70·11
Surplus +, Deficit —	—89·69	—1,56·15	—4,10·00

10. Thus, *excluding the special items*, the revised estimate for the current year is worse than the budget by 66 lakhs ; while the budget estimate for next year is worse than the revised estimate by 2,54 lakhs and worse than the budget for 1929-30 by 3,20 lakhs. The main variations are summarised in the three tables below :—

(*i*) *Revised, 1929-30 compared with Budget, 1929-30.*

	Better.	Worse.
Customs	..	67
Taxes on Income	50	..
Salt	37	..
Opium (net)	25	..
Interest receipts	87	..
Interest on Ordinary Debt	..	1,28
Interest on Other Obligations	37	..
Miscellaneous payments	..	52
Railways (net)	..	13
Posts and Telegraphs (net)	..	50
Other heads (net)	8	..
Total	2,44	3,10
Net	..	66

(ii) Budget, 1930-31 compared with Revised, 1929-30.

	Better.	Worse.
Customs	..	42
Taxes on Income	20	..
Salt	33	..
Opium (net)	..	52
Interest receipts	..	87
Interest on Ordinary Debt	82	..
Interest on Other Obligations	..	1,86
Reduction or Avoidance of Debt	..	26
Civil Administration	..	58
Miscellaneous payments	42	..
Railways (net)	..	38
Military (net)	75	..
Other heads (net)	..	17
Total	2,52	5,06
Net	..	2,54

(iii) Budget, 1930-31 compared with Budget, 1929-30.

	Better.	Worse.
Customs	—	1,09
Taxes on Income	70	..
Salt	70	..
Opium (net)	..	26
Interest on Ordinary Debt	..	46
Interest on other Obligations	..	1,49
Reduction or Avoidance of Debt	—	27
Civil Administration	..	60
Railways (net)	—	51
Post and Telegraphs (net)	..	48
Military (net)	75	..
Other heads (net)	..	19
Total	2,15	5,35
Net	..	3,20

11. In Appendix I will be found the figures of *net* revenue and expenditure for each year from 1923-24 onwards, arranged in a convenient form different from that of the main budget statements and exhibiting Departmental transactions separately from Civil transactions. The details of the railway figures embodied in the budget statements have been explained already in a separate memorandum. Those relating to the military heads will be found in Appendix II. For the rest, the details are given in the following paragraphs.

CUSTOMS.

	Revenue (Receipts *less* Refunds.)	Expenditure.	Net revenue.
1926-27	47,38·11	81·27	46,56·84
1927-28	48,21·42	84·82	47,36·60
1928-29	49,28·01	93·59	48,34·42
1929-30 Budget	51,21·77	99·82	50,21·95
1929-30 Revised	51,02·09	1,00·69	50,01·40
1930-31 Budget	54,63·81	98·14	53,65·67

12. The revenue estimates include the *net* proceeds expected to accrue from the alterations in tariff which have been approved by the Legislature and summarised below:—

	Revised, 1929-30.	Budget, 1930-31.
(i) Levy of import duty on silver at 4 annas an ounce subject to a full draw-back on re-export	+9	+1,00
(ii) Increase in the import duty on all kinds of sugar and sugar candy by Re. 1—8—0 per cwt.	+15	+1,80
(iii) Increase in the import duty on cotton piece-goods from 11 per cent. *ad valorem* to the rates specified in the foot-note* below	+10	+1,25

*Cotton piece-goods—		
(*a*) plain grey, that is, not bleached or dyed in the piece, if imported in pieces containing any length of more than nine yards which is not divided by transverse woven headings;		
(i) of British manufacture	*ad valorem*	15 per cent. or 3½ annas per pound, whichever is higher.
(ii) not of British manufacture	*ad valorem*	20 per cent. or 3½ annas per pound, whichever is higher.
(*b*) others—		
(i) of British manufacture	*ad valorem*	15 per cent.
(ii) not of British manufacture	*ad valorem*	20 per cent.

	Revfsed, 1929-30.	Budget, 1930-31.
(iv) Increase in the excise duty on kerosene from 1 anna to 1½ annas a gallon . .	+4	+50
(v) Reduction in the import duty on kerosene from 2½ annas to 2¼ annas a gallon . .	—1	—15
(vi) Reduction in the export duty on rice from 3 annas to 2¼ annas a maund . . .	—2	—30
(vii) Increase, from 30 per cent. to 38 per cent. *ad valorem*, in the import duty on silver plate, silver thread and wire (including so-called gold thread and wire mainly made of silver), silver leaf and silver manufactures.	..	+1
(viii) Levy of an excise duty at 4 annas an ounce on silver produced in India . . .	..	+15
Net	+35	+4,26

The estimates, also include 95 lakhs in 1929-30 and 1,08 lakhs in 1930-31, being the anticipated proceeds of the enhancement, from 4 annas to 6 annas a gallon, of the import and excise duties on motor-spirit, which will be credited to the Road Development Fund by *per contra* debit to the Civil Works head.

13. If the special items mentioned in the preceding paragraph are excluded, the revenue figures will stand as follows :—

Budget, 1929-30	50,38·47
Revised, ,, ...	49,72·09
Budget, 1930-31	49,29·81

14. The revised estimate, as thus corrected, falls short of the original budget by nearly 67 lakhs, and this, notwithstanding a large improvement of 1,35 lakhs under sugar, conditions relating to the import of which still continue to be very favourable; of 70 lakhs under jute the greater portion of which represents a throw-forward from last year; of 32 lakhs under land customs which likewise mostly represents arrear collections relating to the customs line re-established between Kathiawar and British India in July 1927; and 24 from the excise duty on motor-spirit exclusive of the share to be credited to the Road Development Fund. The more important decreases are:

Tobacco	50
Cotton peice-goods	65
Yarns and textile fabrics	35
Protective special duties on iron and steel	67
Government stores	32

15. The budget estimate of revenue next year, as corrected above, is less than the revised estimate by 42 lakhs only, despite the fact that, in the circumstances explained in the previous paragraph, the former allows for reductions of 75, 50 and 27 in the receipts from sugar, jute, and land

customs respectively. It is particularly difficult to frame an accurate estimate of sugar duty as will be apparent from the following figures :—

	Budget.	Revised.	Actuals.
1921-22	2,35	6,87	6,51
1922-23	6,25	4,65	4,41
1923-24	5,00	3,85	3,32
1924-25	4,55	5,55	5,77
1925-26	5,10	6,40	6,48
1926-27	5,70	6,95	7,01
1927-28	6,70	6,70	6,51
1928-29	7,10	7,80	7,77
1929-30	7,00	8,35	
1930-31	7,60		

It is true that the budget estimate for the current year has largely been exceeded, but it is not improbable that this is, to some extent at any rate, at the expense of next year. The more important increases which have been taken into account are 20 lakhs under cotton piece-goods and 26 lakhs under motor-spirit again exclusive of the Road Fund share.

16. The revised estimate of expenditure for 1929-30 includes a payment of 4·04 lakhs to the Army Department for their property at Strand Road, Calcutta, on which it is proposed to build a new Customs House.

17. The details are as follows:—

	Accounts, 1926-27.	Accounts, 1927-28.	Accounts, 1928-29.	1929-30. Budget.	1929-30. Revised.	Budget, 1930-31.
REVENUE.						
SEA CUSTOMS.						
IMPORTS.						
Non-protective Special Duties.						
Liquors—						
(*a*) Ale, Beer, Porter, Cider and other fermented Liquors	19·48	22·26	21·98	23·55	24·05	24·80
(*b*) Spirits and Liquers	2,26·64	2,18·92	2,14·90	2,19·00	2,19·00	2,19·00
(*c*) Wines	15·19	14·80	15·11	15·45	14·65	14·50
Sugar, all sorts	7,00·72	6,51·19	7,77·20	7,00·00	8,50·00	9,40·00
Tobacco	1,90·77	2,17·13	2,58·48	2,60·00	2,10·00	2,20·00
Coal, coke and patent fuel	·86	1·60	·95	1·97	1·18	1·33
Tin, block	..	8·20	6·15	7·73	7·78	7.73
Mineral oils	1,29·29	1,78·92	1,93·60	1,88·19	1,88·19	1,74·19
Trms, Ammunition and Military Stores	7·95	7·31	6·12	7·13	6·23	6·46
Silver bullion and coin	..	..	..	..	9·00*	1,00·00*

*These are *net* figures and allow for estimated draw-backs.

	Accounts, 1926-27.	Accounts, 1927-28.	Accounts, 1928-29.	1929-30. Budget.	1929-30. Revised.	Budget, 1930-31.
REVENUE—*contd.*						
SEA CUSTOMS—*contd.*						
IMPORTS—*contd.*						
Artificial silk yarn and thread	..	7·91	10·43	13·85	7·85	10·05
Cotton yarn and thread	36·45	41·45	45·80	42·55	45·60	46·80
Cotton piece-goods	6,21·04	6,25·17	6,04·49	6,40·00	5,65,00	7,20·00*
Silk mixture	5·43	7·26	8·02	7·97	7·49	8·50
Matches	89·18	53·72	25·28	25·00	15·30	10·00
Match Splints and Veneers						
Portland Cement (excluding white Portland cement)	9·06	9·96	11·53	10·90	10·35	10·35
Other Articles	·37	·40	2·66	2·96	3·44	10·82
Duty at 2½ per cent.						
Machinery (including Locomotive Engines and tenders)	38·17	22·58	..	..	..	..
Other articles	·55	·54	·34	·48	·24	·24
Duty at 10 per cent.						
Metals—Iron and Steel	42·82	51·09	46·41	50·00	45·50	47·50
Railway plant and rolling stock	24·41	28·94	20·16	25·50	23·00	23·00
Other articles	1·06	1·07	·54	·99	·28	·28
Duty at 15 per cent.						
Articles of Food and Drink (excluding sugar and vinegar)	1,74·89	1,82·09	1,80·75	2,02·70	1,74·70	1,80·70
Raw materials and articles mainly unmanufactured	65·17	78·85	79·06	86·14	75·50	78·34
Articles wholly or mainly manufactured—						
(*a*) Cutlery, hardware, implements and instruments	1,31·52	1,37·47	1,45·67	1,53·50	1,41·00	1,46·00
(*b*) Metals, other than Iron and Steel	96·84	81·81	82·76	88·37	76·87	79·87
(*c*) Yarns and textile fabrics (other than cotton manufactures)	1,68·49	1,82·88	1,74·82	1,89·62	1,54·12	1,62·00
(*d*) Pneumatic rubber tyres and tubes	38·90	29·59	33·10	37·50	38·00	41·50
(*e*) All other articles wholly or mainly manufactured	4,15·91	4,14·58	4,13·11	4,18·00	4,36·50	4,36·50
Miscellaneous	62·46	64·71	64·34	64·05	63·55	64·05
Duty at 20 per cent.						
Motor cars and cycles	1,04·95	89·58	1,02·14	1,21·00	1,03·00	1,08·00
Duty at 30 per cent.						
Silk piece-goods and other manufactures of silk	78·34	88·21	87·60	99·22	80·90	87·70
Other articles	1,04·78	96·02	1,00·92	1,04·50	1,08·00	1,02·00

*This has been shown here for the present for the sake of convenience despite the tariff alterations mentioned in the foot-note to paragraph 12.

	Accounts, 1926-27.	Accounts, 1927-28.	Accounts, 1928-29.	1929-30. Budget.	1929-30. Revised.	Budget, 1930-31.
REVENUE—*concld.*						
SEA CUSTOMS—*concld.*						
IMPORTS—*concld.*						
Protective Special Duties.						
Iron and Steel (*a*) Liable to additional duties	2,76·93	2,96·48	2,62·45	2,96·50	2,29·00	2,45·00
Iron and Steel (*b*) Not liable to additional duties						
Paper and Stationery	23·52	25·34	28·10	27·86	30·11	29·86
Government stores.						
Articles liable to protective duties—						
Iron and Steel (*a*) Liable to additional duties						
Iron and Steel (*b*) Not liable to additional duties	94·27	1,08·14	67·10	89·93	58·05	47·52
Paper and Stationery						
Railway plant and rolling stock (non-protective)						
Others						
TOTAL IMPORTS	39,96·41	40,46·17	40,92·07	42,22·11	40,43·43	44,04·59
Export duties—						
(*a*) Hides and skins, raw	30·84	37·33	36·83	37·74	37·90	38·40
(*b*) Jute (raw and manufactured)	3,95·06	4,59·97	4,21·99	4,00·54	4,70·52	4,20·52
(*c*) Rice	1,16·68	1,06·54	99·45	1,16·25	1.14·87	96·26
(*d*) Tea	50·96	1·33	..	..	..	..
(*e*) Government Stores	·04	·03	·01	..	..	·01
Sea Customs—Miscellaneous	9·80	14·43	13·37	14·31	13·01	13·41
Land Customs	22·41	27·80	98·84	75·57	1,07·22	80·33
Excise Duty on Cotton Manufactures	·37	..	..	..	..	..
Excise Duty on Motor Spirit	96·40	1,21·23	1·55·03	2,49·33	2,85·00	3,24·00
Excise Duty on Kerosene	1,04·70	97·18	92·35	98·58	1,02·80	1,50·18
Excise Duty on Silver	..	..	..	..	..	15·0
Warehouse and wharf rents and Miscellaneous	6·87	5·68	5·80	5·04	5·57	5·90
TOTAL RECEIPTS	48,30·54	49,17·69	50·21·74	52,20·37	51,80·32	55,48·60
Deduct—Refunds	*92·43*	*96·27*	*87·73*	*98·60*	*78·23*	*84·79*
TOTAL REVENUE	47,38·11	48,21·42	49·28·01	51,21·77	51,02·09	54,63·81
EXPENDITURE.						
India	79·72	82·90	91·58	97·94	99·26	96·36
England	1·16	1·91	2·01	1·88	1·42	1·78
Exchange	·39	·01	..	..	·01	..
Total	81·27	84·82	93·59	99·82	1,00·69	98·14

TAXES ON INCOME.

	Revenue. (Receipts *less* refunds and Provincial Governments' share of Income-tax revenue).	Expenditure.	Net revenue.
1926-27 . . .	15,64·97	61·76	15,03·21
1927-28 . . .	15,06·39	65·56	14,40·83
1928-29 . . .	16,70·34	68·96	16,01·38
1929-30 Budget . .	16,59·60	72·38	15,87·22
1929-30 Revised .	17,10·06	72·47	16,37·59
1930-31 Budget . .	17,99·78	75·89	17,23·89

18. The revised estimate of revenue, which is about 50 lakhs better than the original budget, includes a special wind-fall of nearly 30 lakhs representing the net receipts accruing to Government as a result of certain recent Privy Council decisions.

19. The revenue estimates for next year, include the following new receipts which are expected to be realised as a result of the following changes in the rates of taxation which have been accepted by the Legislature :—

Increase of one pie in the rupee in the rates of income-tax on incomes of Rs. 15,000 and upwards	56
Increase of one pie in the rupee in the rates of super-tax with the exception of companies' super-tax . . .	14
Total .	70

20. In addition, the budget estimate allows for an increase of 20 lakhs over the current year's revised estimate. It is true that the wind-fall referred to in paragraph 18 will not re-appear and also that next year we shall have the full effect of the concessions to Provident Funds, etc. But refunds are expected to be considerably smaller than in the current year and the recent legislation relating to bogus companies should make it possible to collect super-tax on some income which now escapes.

21. The following tables give the usual details :—

	Accounts, 1926-27.	Accounts, 1927-28.	Accounts, 1928-29.	1929-30. Budget.	1929-30. Revised.	Budget, 1930-31.
REVENUE.						
EXCESS PROFITS DUTY.						
1. Madras	·16	..	..	..	..	..
2. Bombay	·01	..	..	..	..	..
3. Bengal	·01	·01	·01	·01	·01	·01
TOTAL .	·18	·01	·01	·01	·01	·01

	Accounts, 1926-27.	Accounts, 1927-28.	Accounts, 1928-29.	1929-30. Budget.	1929-30. Revised.	Budget, 1930-31.
REVENUE—*contd.*						
SUPER-TAX.						
1 India	2·17	2·57	2·94	2·81	3·30	3·30
2. Baluchistan	·22	·23	·12	·22	·15	·16
3. N.-W. Frontier	·98	·82	·97	·41	1·19	·81
4. Madras	19·21	19·59	20·90	22·00	23·00	23·00
5. Bombay	78·62	83·22	79·83	90·00	97·00	88·00
6. Bengal	2,45·95	1,89·14	2,55·10	2,50·60	2,75·50	2,84·50
7. United Provinces	15·15	15·88	19·74	18·70	21·40	21·20
8. Punjab	6·27	9·11	7·82	8·45	5·97	4·17
9. Burma	64·56	65·04	56·54	60·00	51·00	52·00
10. Bihar and Orissa	20·80	6·47	49·22	14·83	6·00	33·00
11. Central Provinces	8·23	3·37	4·95	7·00	7·00	7·73
12. Assam	3·34	3·27	3·59	3·00	2·73	2·57
TOTAL	4,65·50	3,98·71	5,01·72	4,78·02	4,94·24	5,20·44
INCOME-TAX.						
1. India General—						
Civil	31·71	35·25	41·74	38·63	45·41	47·99
Non-Civil Departments	58·82	64·36	66·58	66·74	68·57	69·05
2. Delhi	11·21	11·57	10·40	10·99	9·71	10·41
3. Baluchistan	1·60	1·62	1·76	1·61	1·65	1·65
4. North-West Frontier	9·38	9·87	9·56	8·83	9·02	8·70
5. Madras	1,29·24	1,34·51	1,34·45	1,43·00	1,42·00	1,48·00
6. Bombay	2,74·46	2,80·84	2,93·84	2,86·97	3,27·00	3,22·00
7. Bengal	3,56·00	3,25·50	3,91·98	3,76·77	3,97·86	4,16·98
8. United Provinces	61·68	68·68	73·21	72·20	77·72	80·72
9. Punjab	67·42	69·79	65·31	70·15	63·43	61·15
10. Burma	1,87·05	1,95·71	1,76·62	1,86·56	1,69·60	1,78·10
11. Bihar and Orissa	43·00	40·68	50·75	43·95	47·95	48·09
12. Central Provinces	37·06	34·56	36·87	37·74	38·35	41·35
13. Assam	19·73	19·68	20·36	19·90	19·51	18·52
14. Coorg	·24	·21	·22	·22	·23	·23
TOTAL	12,88·74	12,92·83	13,73·65	13,64·26	14,18·01	14,52·85
MISCELLANEOUS.						
1. India	..	..	·03	..	..	..
2. Madras	..	·02	·06	·02	·04	·04
3. Bombay	..	·05	·01	·03	..	..
4. Bengal	..	..	..	..	·01	·01
5. United Provinces	..	·11	·05	..	..	..
6. Punjab	..	·01	·06	..	·06	·06
7. Burma	..	·02	·08	..	·05	·05
8. Bihar and Orissa	..	·02	·01	·05	·05	·06
9. Central Provinces	..	·02	·09	·02	·07	·07
10. Assam	..	..	·01	..	..	..
11. England	..	..	..	..	·05	..
TOTAL	..	·25	·40	·12	·33	·29
Total Receipts from Taxes on Income	17,54·42	16,91·80	18,75·78	18,42·41	19,12·59	19,73·59
Deduct—Refunds—						
India	*1,48·78*	*1,48·82*	*1,70·96*	*1,49·46*	*1,70·32*	*1,43·92*
England	*5·47*	*·34*	*·07*	..	*·01*	..
Exchange	*1·37*	..	..	..	..	..
TOTAL REFUNDS	*1,56·12*	*1,49·16*	*1,70·13*	*1,49·46*	*1,70·33*	*1,43·92*
Deduct—Share of Provincial Governments in Income-tax revenue under the Devolution Rules	*33·33*	*36·25*	*35·31*	*33·35*	*32·20*	*29·89*
Total Revenue of the Central Government	15,64·97	15,06·39	16,70·34	16,59·60	17,10·06	17,99·78
EXPENDITURE.						
India	60·67	64·81	67·46	71·27	71·01	74·58
England	·81	·75	1·50	1·11	1·45	1·31
Exchange	·28	..	..	..	·01	..
TOTAL	61·76	65·56	68·96	72·38	72·47	75·89
Distributed as follows—						
Payments to Provincial Governments	2 50	2·58	1·90	·33	·30	·24
Direct expenditure of Central Government	59·26	62·98	67·06	72·05	72·17	75·65

Amount of income-tax revenue payable to Provincial Governments.

	Accounts, 1926-27.	Accounts, 1927-28.	Accounts, 1928-29.	1929-30. Budget.	1929-30. Revised.	Budget, 1930-31.
Madras . .	4·64	5·94	5·48	7·27	6 00	6·00
United Provinces	..	..	..	..	·71	·80
Punjab . .	4·02	4·83	4·02	4·05	2 59	1·01
Burma . .	14·32	14·94	12·21	12·25	11·27	10·95
Bihar and Orissa	3·25	3·20	4·74	3·15	4·50	4·50
Central Provinces	2·18	1·72	2·23	1·63	1·63	1·63
Assam . .	4·92	5·62	6·63	5·00	5·50	5·00
TOTAL .	33·33	36·25	35·31	33·35	32·20	29·89

22. The following table shows the distribution, by Provinces, of the net revenue of the Central Government from super-tax and income-tax, after deducting refunds and the share payable to Provincial Governments under the Devolution Rules :—

	Accounts, 1928-29.	1929-30. Budget.	1929-30. Revised.	Budget, 1930-31.
Madras	1,31	1,43	1,45	1,50
Bombay	3,18	3,37	3,78	3,69
Bengal	6,15	5,91	6,37	6,70
United Provinces . . .	90	88	95	98
Punjab	61	71	63	61
Burma	1,85	1,96	1,64	1,83
Bihar and Orissa . . .	91	53	43	74
Central Provinces . . .	33	37	37	42
Assam	15	16	13	14
Minor Administrations and Non-Civil Departments . .	1,31	1,28	1,35	1,39
TOTAL .	16,70	16,60	17,10	18,00

SALT.

		Revenue (Receipts *less* Refunds).	Expenditure (including Capital Expenditure charged to Revenue).	*Net* Revenue.
1926-27		6,69·81	1,24·76	5,45·05
1927-28		6,63·18	1,27·01	5,36·17
1928-29		7,59·93	1,23·83	6,36·10
1929-30	Budget . . .	6,34·64	1,33·98	5,00·66
	Revised . . .	6,72·19	1,29·08	5,43·11
1930-31	Budget . . .	7,04·83	1,33·49	5,71·34

23. Despitethe fact that last year's revenues benefited to the extent of about 60 lakhs at the expense of this year as a result of the speculation at Sambhar, the revised estimate for 1929-30, which is based on the latest actuals, is only 28 lakhs less than what may be considered to be a normal figure under this head, *viz.*, 7 crores. The budget estimate for next year provides for this normal receipt *plus* about 5 lakhs on account of the increase which has been recently made in the price of Government salt at the Northern India sources.

24. The relevant details are given below :—

—	Accounts, 1926-27.	Accounts, 1927-28.	Accounts, 1928-29.	1929-30. Budget.	1929-30. Revised.	Budget, 1930-31.
REVENUE.						
Northern India (*a*)	1,58·32	1,66·93	2,47·19	1,11·42	1,44·29	1,77·00
Madras (*a*)	1,43·12	1,44·64	1,47·65	1,48·43	1,46·70	1,48·35
Bombay (*a*)	1,59·72	1,55·25	1,59·20	1,63·09	1,64·75	1,63·32
Bengal (*b*)	1,77·45	1,64·50	1,76·90	1,79·93	1,85·94	1,85·93
Burma (*b*)	34·24	36·53	34·86	36·51	35·47	35·67
Bihar and Orissa	..	·01	·01	·01	·01	·01
Assam	·01	·01	·01	·01	·01	·01
TOTAL RECEIPTS	6,72·86	6,67·87	7,65·82	6,39·40	6,77·17	7,10·29
Deduct—Refunds	*3·05*	*4·69*	*5·89*	*4·76*	*4·98*	*5·46*
TOTAL REVENUE	6,69·81	6,63·18	7,59·93	6,34·64	6,72·19	7,04·83
EXPENDITURE.						
Cost of salt purchased by Government	12·90	10·31	7·03	10·58	9·06	12·06
Assignments and compensations	38·18	41·03	39·49	40·39	39·70	38·36
Interest	3·89	4·03	4·97	4·74	4·39	5·11
Depreciation	2·66	3·64	2·92	2·99	2·82	2·80
Other charges	61·68	65·92	67·94	70·98	70·90	72·47
Capital Outlay on salt works	4·80	·50	·58	3·25	1·21	1·82
Total India	1,24·11	1,25·43	1,22·93	1,32·93	1,28·08	1,32·62
England	·48	1·57	·90	1·05	·99	·87
Exchange	·17	·01	..		·01	..
TOTAL	1,24·76	1,27·01	1,23·83	1,33·98	1,29·08	1,33·49

(*a*) Chiefly excise on local manufacture. (*b*) Chiefly duty on imported salt.

OPIUM.

—	Provision and medical opium.	Excise opium and miscellaneous (*less* refunds).	Total revenue (Receipts *less* refunds).	Purchase of opium.	Other charges.	Total expenditure.	Net revenue.
1926-27	3,51·49	81·65	4,33·14	85·98	14·46	1,00·44	3,32·70
1927-28	3,15·99	78·53	3,94·52	74·08	12·93	87·01	3,07·51
1928-29	2,57·08	69·51	3,26·59	42·44	12·51	54·95	2,71·64
1929-30 Budget	2,34·28	71·29	3,05·57	58·97	12·04	71·01	2,34·56
1929-30 Revised	2,32·76	75·51	3,08·27	36·96	12·14	49·10	2,59·17
1930-31 Budget	2,00·15	71·65	2,71·80	53·35	11·22	64·57	2,07·23

25. The revenue from opium is derived mainly from exports of what is called provision opium to foreign countries, and from the sale to Provincial

Governments of excise opium for internal consumption in India. The latter is sold to Provincial Governments at a fixed price based on the cost of production, and retailed by them to licensed vendors at rates fixed by them which vary from Province to Province. Opium is exported to foreign countries only after the prescribed import certificate from the Government of the importing country is produced. The entire quantity is now exported under the system of direct sales to Foreign and Colonial Governments, that of auction sales in Calcutta to traders for export to foreign countries having been stopped with effect from the 7th April 1926.

26. The exports of provision opium in the current year are expected to amount to 5,500 chests, but will drop to 4,687 chests next year under the arrangement whereby they have to be extinguished not later than the 31st December 1935. This mainly accounts for the fall of 36 lakhs in the budget estimate of revenue for 1930-31.

27. The revised estimate of expenditure in the current year shows a saving of 22 lakhs owing to poorer out-turn. Next year's expenditure, however, assumes more normal conditions.

OTHER PRINCIPAL HEADS OF REVENUE AND DIRECT DEMANDS ON THE REVENUE.

	Revenue.	Expenditure.	Net revenue.
1926-27	2,17·50	56·52	1,60·98
1927-28	2,29·99	54·99	1,75·00
1928-29	2,23·85	61·37	1,62·48
1929-30 Budget	2,22·67	65·49	1,57·18
1929-30 Revised	2,28·02	62·86	1,65·16
1930-31 Budget	2,30·86	65·30	1,65·56

28. These comprise Land Revenue, Excise, Stamps, Forest, Registration and Tributes from Indian States. The improvement in the revised estimate of net revenue for 1929-30, as compared with the original budget, is largely due to an increase in excise revenue (4·43 lakhs) and a decrease in forest expenditure (2·34 lakhs). In 1930-31, both revenue and expenditure under the Forest head are expected to go up by about 2½ lakhs leaving the net revenue under these heads at practically the same figure as in the revised estimate.

IRRIGATION.

	Revenue (Receipts *less* Working expenses).	Expenditure (including Capital expenditure charged to Revenue).	Net expenditure.
1926-27	10·25	15·50	5·25
1927 28	9·06	17·39	8·33
1928-29	9 40	22·25	12·85
1929-30 Budget	13·40	22·66	9·26
1929-30 Revised	12·75	30·36	17·61
1930-31 Budget	14·25	25·71	11·46

29. The current year's revised estimate of expenditure includes a special adjustment of 9 23 lakhs with certain Provincial Governments on account of the Central Government's share of irrigation, leave salaries and pensions which were wholly debited to the former in the past. Next year's estimate includes Rs. 80,000 only for certain *new* drainage works in the North-West Frontier Province.

POSTS AND TELEGRAPHS.

	Accounts, 1926-27.	Accounts, 1927-28.	Accounts, 1928-29.	1929-30. Budget.	1929-30. Revised.	Budget, 1930-31.
INDIAN POSTS AND TELEGRAPHS DEPARTMENT.						
GROSS RECEIPTS . . .	10,53·04	10,82·71	11,03·65	11,59·97	11,20·15	11,50·85
WORKING EXPENSES—						
India	9,83·39	10,46·78	10,87·53	10,94·28	11,02·36	11,19·72
England	5·45	6·73	7·30	7·78	7·60	7·29
Exchange	1·86	·02	·01	..	·05	..
TOTAL .	9,90·70	10,53·53	10,94·84	11,02·06	11,10·01	11,27·01
NET RECEIPTS .	62·34	29·18	8·81	57·91	10·14	23·84
EXPENDITURE CHARGED TO REVENUE—						
Interest . . .	52·09	55·33	62·65	65·74	66·19	72·29
NET REVENUE	10·25	—26·15	—53·84	—7·83	—56·05	—48·45
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	17·62	15·78	13·12	10·00	9·50	14·90
England	..	..	..	..	..	..
Exchange	..	..	..	..	..	..
TOTAL .	17·62	15·78	13·12	10·00	9·50	14·90
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	22·97	36·59	46·40	56·91	47·55	62·32
England	8·39	12·86	9·67	12·27	5·80	7·47
Exchange	2·93	·08	·02	..	·04	..
TOTAL .	34·29	49·53	56·09	69·18	53·39	69·79
INDO-EUROPEAN TELEGRAPH DEPARTMENT						
GROSS RECEIPTS—						
India	17·72	18·42	15·27	16·04	11·95	11·90
England	15·84	15·61	13·63	12·94	14·00	12·80
Exchange	5·40	·03	·03	..	·10	..
TOTAL .	38·96	34·06	28·93	28·98	26·05	24·70
WORKING EXPENSES—						
India	29·34	30·16	28·67	27·66	26·38	25·50
England	·98	1·62	1·66	1·50	1·81	1·52
Exchange	·33	..	..	..	·01	..
TOTAL .	30·65	31·78	30·33	29·16	28·20	27·02
NET RECEIPTS .	8·31	2·28	—1·40	—·18	—2·15	—2·32
EXPENDITURE CHARGED TO REVENUE—						
Interest	5·16	5·13	5·37	5·57	5·52	5·86
NET REVENUE	3·15	—2·85	—6·77	5·75	—7·67	—8·18
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	·86	2·45	·44	—·16	—·15	—·37
England	·06	·05	·05	·05	·05	·05
Exchange	·02	..		..	..	..
TOTAL .	·94	2·50	·49	—·11	—·10	—·32
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	—3·17	—3·53	—3 62	—2·12	—2·42	—1·88
England	1·10	·87	·86	1·07	1·15	·80
Exchange	·37	·01	..	..	·01	..
TOTAL .	—1·70	—2·65	—2·76	—1·05	—1·26	—1·08

30. The above statement shows the position of both the Indian Posts and Telegraphs Department and the Indo-European Telegraph Department at a glance. The figures appearing as 'Net Revenue' show, in both cases, the profit or loss on the working of the Departments. The figures relating to the Indian Department, however, are inclusive of the following estimated losses on the non-commercial activities of the Wireless Branch :—

Actuals, 1928-29	6·28
Budget, 1929-30	8·00
Revised, 1929-30	7·00
Budget, 1930-31	8·00

31. In the Indian Department, the larger loss of about 56 lakhs in the current year is the combined result of a drop of 40 lakhs in gross receipts owing to a retardation in the normal growth of revenue, and of an increase of 8 lakhs in working expenses due to the under-estimation of the cost of the revisions of pay and other concessions granted to the staff in recent years. The loss next year is now expected to be 48 lakhs.

32. The Indo-European Department also shows a falling revenue, but efforts are being made to reduce working expenses as far as possible, so that the net results are somewhat better than they would otherwise have been.

33. The interest chargeable to both the Departments has been included throughout with reference to the value of the recently constructed block account as at the 31st March 1925 and the capital outlay subsequently incurred, after taking into account capital receipts, as also the profit or loss on the annual working on a commercial basis.

34. The losses on the working, combined with the capital expenditure charged to revenue, involve a draft on the revenues of the Central Government to the following extent :—

Budget, 1929-30	23·69
Revised, 1929-30	73·32
Budget, 1930-31	71·85

INTEREST RECEIPTS.

		Accounts, 1928-29.	Budget, 1929-30.	Revised, 1929-30.	Budget, 1930-31.
India		91·36	88·98	91·05	1,07·33
England	Interest on temporary investment of cash balances, etc.	22·72	21·98	32·69	17·98
	Excess over £40 millions in the Gold Standard Reserve	1,65·72	2,34·68	3,06·67	2,20·00
Exchange		·23	..	2·37	..
	TOTAL	2,80·03	3,45·64	4,32·78	3,45.31

35. The improvement in next year's estimate of Indian receipts is mainly due to larger recoveries from the Bahawalpur Durbar (10 lakhs) and from the Bengal Nagpur and South Indian Railway Companies (5 lakhs).

36. The receipts in England are as estimated by the Secretary of State on the basis of the information available regarding the volume and composition of the Home balances, the prevailing interest rates, etc. The total receipts from the Gold Standard Reserve have been shown in paragraph 4. The above estimates assume the following distribution :—

	Revised, 1929-30.	Budget, 1930-31.
	£	£
Credit to revenue	2,300,025	1,650,000
Transfer to Equalisation Fund	99,975	50,025

On this basis, there will be £150,000 in the Fund at the close of next year, exclusive of interest, which can be drawn upon in any future year, if necessary, to bring the year's receipts up to the basic figure of £1,600,000.

INTEREST PAYMENTS.

	Accounts, 1928-29.	Budget, 1929-30.	Revised, 1929-30.	Budget, 1930-31.
Interest on Ordinary Debt—				
Gross payments—				
India	20,82·20	20,83·74	21,05·76	21,96·33
England	17,85·47	18,14·68	18,91·58	18,78·96
Exchange	2·09	..	13·22	..
Total	38,69·76	38,98·42	40,10·56	40,75·29
Deduct—Amounts charged to—				
Railways	27,82·59	29,08·44	29,00·60	30,04·06
Irrigation	12·21	12·28	12·25	12·38
Posts and Telegraphs	69·62	72·99	73·50	79·93
Other heads	14·72	23·30	16·91	20·80
Provincial Loans Fund	5,87·78	6,20·89	6,18·97	6,52·29
Total deductions	34,66·92	36,37·90	36,22·23	37,69·46
Total Interest on Ordinary Debt (net)	4,02·84	2,60·52	3,88·33	3,05·83
Interest on Other Obligations—				
Bonus on Post Office Cash Certificates	60·15	1,10·00	72·50	1,88·00
Post Office Savings Bank Deposits	97·86	1,07·63	1,00·42	1,10·46
Provident Funds	2,38·18	2,67·62	2,59·41	2,97·50
Service Funds	10·07	11·49	12·34	13·25
Fixed Deposits of Provincial Governments	17·00	13·50	24·22	23·50
Famine Relief Fund	19·47	13·82	15·61	13·25
Reserve and Depreciation Funds	1,11·29	1,35·71	1,38·49	1,52·48
Other items	63·41	66·80	66·69	77·07
Total	6,17·43	7,26·57	6,89·68	8,75·51
Total Interest payments	10,20·27	9,87·09	10,78·01	11,81·34

37. Details of payments of Interest on Ordinary Debt will be found in the volume of Demands for Grants. The payments are, as usual, affected by the nature and extent of the ways and means operations. It is necessary to mention, however, that the discount on the current year's rupee loan *viz.*, 118·21 lakhs, and the premium on bonds converted in the same connection *viz.*, 59·38 lakhs, will both be charged to revenue over the periods of currency of the two issues.

38. The savings of 37 lakhs in 1929-30 under Interest on Other Obligations, are due to smaller payments of bonus on cash certificates, the discharges having diminished after the rate was improved in August 1929. For 1930-31, a provision of 1,88 lakhs has been made, representing the full liability for the year. Of this it is expected that only 1 crore will be actually paid, so that the balance of 88 lakhs will be transferred to a special fund, which will be known as the Post Office Cash Certificate Bonus Fund and can be drawn upon in any future year to the extent to which the actual payments may happen to be in excess of the provision made for the year. The interest on Provident Funds also includes a special addition of about 15 lakhs on account of the increase, from 4¾ per cent. to 5 per cent., in the rate of interest which it has been decided to allow on the balances held in the Funds with effect from the beginning of next year.

39. The total interest charges have varied as follows in recent years :—

Actuals, 1923-24	15,97
„ 1924-25	14,90
„ 1925-26	13,37
„ 1926-27	11,77
„ 1927-28	10,57
„ 1928-29	10,20
Revised, 1929-30	10,78
Budget, 1930-31	11,81

40. It will be seen from the above figures that while there was a steady reduction from 1923-24 to 1928-29, there has been an increase since then. This is explained partly by the variations in the Government's borrowing rate and partly also by the fact that insufficient provision had been made in the past in respect of the liability for bonus on cash certificates. The following table will make the position clear :—

Year.	Approximate borowing rate in India.	Balance held at close of the year on account of cash certificates.	Bonus paid or provided for from revenue.
1923-24	6 per cent.	8,42	28
1924-25	5¾ „	13,12	16
1925-26	5½ „	20,96	16
1926-27	4¾ „	26,68	16
1927-28	4¾ „	30,70	23
1928-29	5 „	32,30	60
1929-30	5½ „	35,25	73
1930-31		37,65	1,88

Of the increase of 1,61 lakhs in the aggregate net interest payments in 1930-31 over the 1928-29 figure, the bonus on cash certificates alone accounts for 1,28 lakhs.

APPROPRIATION FOR REDUCTION OR AVOIDANCE OF DEBT.

41. Under the scheme of debt redemption adopted by the Government of India for the five years 1925-26 to 1929-30, the annual charge against the revenues of India for the purpose of making provision for the reduction or avoidance of debt consists of—

(*a*) a sum of 4 crores, and

(*b*) such additional sum as is equal to one-eightieth of any excess shown in the total of the debt outstanding on the 31st of March of the preceding year over the total outstanding on the 31st March 1923, sterling debt being converted into rupees at Rs. 15 per £ for this purpose.

It has been decided that, pending further consideration of the scheme along with the Railway Convention, the provision for the year 1930-31 should be made on the same lines, except that, for the purposes of (*b*) above, sterling debt should be converted into rupees at Rs. 13⅓ per £. This will result in a saving of about 12 lakhs next year.

42. On this basis, the estimates for the two years work out as follows:—

	Revised, 1929-30. (In lakhs of rupees, sterling amounts being converted at Rs. 15 per £.)		Budget, 1930-31. (In lakhs of rupees, sterling amounts being converted at Rs. 13⅓ per £.)	
	31st March 1923.	31st March 1929.	31st March 1923.	31st March 1930.
Rupee Debt exclusive of Treasury Bills in the Paper Currency Reserve	3,61,42	3,94,73	3,61,42	4,29,31
Sterling Debt	3,63,95	4,50,05	3,23,51	4,14,89
Unfunded Debt { India	62,50	1,27,31	62,50	1,38,38
Unfunded Debt { England	6	64	6	3,55
Capital value of the liabilities undergoing redemption by way of Terminable Railway Annuities	91,97	80,03	81,74	69,15
	8,79,90	10,52,76	8,29,23	10,55,28
Deduct—				
Discount included above { India	..	5,80	..	6,98
but separately provided for { England	8,23	12,66	7,32	11,25
Advances to Provincial Governments other than those representing pre-Reform Irrigation debt	24,89	74,91	24,89	79,84
	33,12	93,37	32,21	98,07
NET	8,46,78	9,59,39	7,97,02	9,57,21
Excess over outstanding debt on 31st March 1923		1,12,61		1,60,19
$\frac{1}{80}$th of above		1,40·76		2,00.24
Add basic provision		4,00		4,00
TOTAL		5,40·76		6,00·24

43. Under the provisions of section 7 of the Indian Finance Act, 1926, the figure for 1929-30 has to be increased further by the amount of Reparation receipts, *viz.*, 33·11 lakhs. But, as these provisions have been repealed by section 9 of the Indian Finance Act, 1930, no addition need be made on this account with effect from 1930-31. The estimates under this head will accordingly stand at 5,73·87 lakhs in 1929-30 and 6,00·24 lakhs in 1930-31.

44. These figures include the following specific items :—

	Revised, 1929-30.	Budget, 1930-31.
Sinking fund provision for 5 per cent. rupee loans	1,36·04	1,79·75
Capital portion of railway annuities . . .	2,00·34	2,05·85
Railway sinking funds	26·86	26·67
Capital portion of liabilities assumed in respect of British 5 per cent. War Loan, 1929—47 . .	79·47	82·85
Reparation receipts	33·11	..
TOTAL .	4,75·82	4,95·12

45. The sums provided from revenue on this account from year to year are indicated below. The increase in the seven years ending the 31st March 1931 is only about 57 per cent. of the savings in interest on dead-weight debt during the same period (*vide* paragraph 39).

1923-24	3,62
1924-25	3,78
1925-26	4,97
1926-27	4,97
1927-28	5,04
1928-29	5,42
1929-30	5,74
1930-31	6,00

CIVIL ADMINISTRATION.

		Revenue.	Expenditure.	Net expenditure.
1926-27		86·05	11,13·44	10,27·39
1927-28		98·69	11,20·78	10,22·09
1928-29		1,00·93	11,43·51	10,42·58
1929-30	Budget	1,12·25	12,66·74	11,54·49
	Revised	1,13·06	12,68·72	11,55·66
1930-31	Budget	1,06·44	13,26·59	12,20·15

46. The revised estimates for the current year under this group head are practically the same as in the original budget. The budget estimates for 1930-31, however, show, as compared with the revised, a decrease of about 7 lakhs in revenue and an increase of 58 lakhs in expenditure. The

former is more apparent than real as it has been occasioned by an alteration in the method of adjusting certain recoveries made by the Indian Stores Department, which has reduced the figures on both sides by about 11 lakhs. In any case, the net deterioration is 65 lakhs. The details of the estimates of expenditure will be found in the Demands for Grants. The more important items which account for the deterioration, have been mentioned in paragraph 20 of the Finance Member's budget speech.

CURRENCY AND MINT.

	Revenue.	Expenditure.	Net revenue.
1926-27	4,15·51	76·37	3,39·14
1927-28	2,77·46	87·67	1,89·79
1928-29	2,88·33	71·62	2,16·71
1929-30 Budget	3,05·77	71·02	2,34·75
1929-30 Revised	2,85·51	74·39	2,11·12
1930-31 Budget	2,89·15	77·66	2,11·49

47. The estimates of receipts under this group largely depend upon the transactions connected with the securities in the Paper Currency Reserve and are subject to wide fluctuations. The present estimates of net revenue for both years are practically the same.

CIVIL WORKS.

	Revenue.	Expenditure.	Net expenditure.
1926-27	15·79	1,89·74	1,73·95
1927-28	16·07	1,58·48	1,42·41
1928-29	17·04	1,59·28	1,42·24
1929-30 Budget	18·45	2,59·35	2,40·90
1929-30 Revised	24·35	2,63·25	2,38·90
1930-31 Budget	26·17	2,81·06	2,54·89

48. The increase in revenue occurs partly in the Delhi Province and partly at Calcutta and Bombay where rent on mint buildings (about 2½ lakhs) is being adjusted under this head by *per contra* debit to the Mint head. Next year's estimate also includes a special receipt of 3·72 lakhs from the Government of Bengal in respect of the sale of premises nos. 5 and 6, Government Place, Calcutta.

49. The expenditure figures for 1929-30 and 1930-31 in the above table include the transfers to the Road Development Fund specified in paragraph 8. Excluding these, we have the following estimates of gross expenditure :—

Budget, 1929-30	1,76·05
Revised, 1929-30	1,68·25
Budget, 1930-31	1,73·06

Next year's figure is actually lower than the budget estimate for the current year although it includes about 5 lakhs for special repairs necessitated by flood damages.

MISCELLANEOUS.

		Revenue.	Expenditure.	Net expenditure.
1926-27		60·01	3,96·16	3,36·15
1927-28		52·46	3,75·31	3,22·85
1928-29		89·47	4,05·93	3,16·46
1929-30	Budget	85·44	4,06·93	3,21·49
	Revised	92·21	4,58 39	3,66·18
1930-31	Budget	86·11	4,16·87	3,30·76

50. The revised estimate of revenue includes a special receipt of 4·30 lakhs representing the proceeds from the disposal of leases of premises at Grosvenor Gardens. The budget for 1930-31 includes another special receipt of £60,000 or 8 lakhs from His Majesty's Government towards the expenses of the Indian Statutory Commission out of which, however, it has been decided to refund 2·83 lakhs to Provincial Governments towards their share of the expenses.

51. The revised estimate of expenditure is swollen to the extent of (i) 22 lakhs by arrear adjustments of leave salaries and pensions erroneously debited to Provincial Governments in the past and (ii) 14 lakhs by similar adjustments of pensions of military officers in respect of civil employment. It also includes an additional provision of 4 lakhs for the Labour Commission and 5 lakhs for the Banking Enquiry Committee. The budget for next year provides 7 lakhs each for these Enquiries and excludes the special adjustments, but includes the usual Reserve of 5 lakhs at the disposal of the Finance Department.

EXTRAORDINARY ITEMS.

	Accounts, 1928-29.	1929-30. Budget.	1929-30. Revised.	Budget, 1930-31.
Receipts—				
India	74·15	89·69	1,56·15	..
England	30·42	30·00	33·84	32·00
Exchange	·05	..	·24	..
TOTAL	1,04·62	1,19·69	1,90·23	32·00
Payments—				
India	1·21	2·25	·07	·50
England	..	..	..	..
Exchange	..	..	..	..
TOTAL	1·21	2·25	·07	·50

52. The Indian credit in the budget for 1929-30 represented the estimated transfer from the Revenue Reserve Fund, which, in the circumstances explained in paragraph 6, is no longer possible. The similar credit in the revised estimate represents the sum held at credit of the German Liquidation Account which, as stated in paragraph 9 of the Finance Member's budget speech, will accrue to the Government of India. The credits in England in 1929-30 consist mainly of Reparation receipts (33·11 lakhs), the balance of nearly a lakh, representing receipts on account of enemy ships transferred to revenue from suspense. The credits in England next year entirely represent Reparation receipts.

EXCHANGE.

53. From the 1st April 1920 to the 31st March 1927, the accounts were prepared on the basis of the rate of 2*s.* per rupee for the conversion of rupee transactions into sterling and *vice versa*. The sterling value of the rupee, however, stood at a lower level in recent years. In consequence of this variation from the 2*s.* rate, large sums were brought to account as credits or debits on account of exchange in respect of transactions involving remittances of funds to and from the Secretary of State. *These were purely book-keeping transactions.* Under that system, there was an accounts 'gain' by exchange when the Home remittances through the market were less than the amounts required by the Secretary of State for his aggregate net disbursements owing to the latter having been financed partly from other sources, *e.g.*, a sterling loan floated in London. Similarly, there was an accounts 'loss' when the remittances were greater in order to meet the demands of trade. These 'gains' and 'losses' fluctuated within very wide limits as will be seen from the following statement of balances at the end of each of the financial years from 1919-20 onwards :—

Credit +, Debit —.

31st March 1920	+5,23
„ „ 1921	—22,85
„ „ 1922	—11,48
„ „ 1923	+5,47
„ „ 1924	+8,55
„ „ 1925	+5,40
„ „ 1926	+1,31
„ „ 1927	+12,44
„ „ 1928	+12,69
„ „ 1929	+12,86

54. The procedure for the allocation of exchange gains and losses was as follows. All exchange gains and losses arising in respect of remittance transactions were recorded in the first instance under a suspense head; the portion

attributable to the revenue and capital accounts in respect of outlay incurred in England was calculated every month on the basis of the average of the daily telegraphic transfer rates from Calcutta on London and transferred to these accounts, and the portion relating to the expenditure of Provincial Governments was similarly debited to the Provincial Governments concerned; and it was considered, with reference to the circumstances of each year, whether the balance remaining under the suspense head after these transfers were made should be written off to revenue or *kept in suspense against the possibility of opposite results in succeeding years.*

55. The above procedure is still in force except that 1*s.* 6*d.* is now taken in place of the old 2*s.* rate. The present estimates, however, assume an average of 1*s.* 5$\frac{7}{8}$*d.* in 1929-30 and 1*s.* 6*d.* in 1930-31.

56. The transactions in the current year are expected to be as follows :—

Gross loss on remittance transactions. ..		13·46
Deduct transfers to		
Revenue	23·56	
Capital	11·99	
Provinces	2·55	
		38·10
Net gain		24·64

On this basis, the balance at credit of the Exchange head will be 13·11 crores. The question of the final adjustment of this book credit is under consideration.

WAYS AND MEANS.

Home Treasury.

57. The bulk of the payments made in England on account of the Government of India consists of expenditure chargeable to the Indian revenues and has normally to be met by direct remittance of funds from India. The capital outlay on the construction of railways, however, sometimes necessitates heavy borrowing and a large portion of the money required has, when necessary, been raised in England, either direct or through the agency of Companies. Operations connected with the Gold Standard and Paper Currency Reserves, and with the replacement of one particular form or item of direct or indirect debt by another, further swell the receipts and charges of the Home Treasury without affecting ordinarily the general ways and means programme. Recoveries are also effected by the Secretary of State against drawings of the Iraq administration on India. These recoveries represent, in effect, remittances from India to finance the Home Treasury and reduce the amount of direct remittances which would otherwise be necessary.

58. The following is a summary of the estimated transactions of the Home Treasury :—

[In millions of £]

	Budget, 1929-30.	Revised, 1929-30.	Budget, 1930-31.
RECEIPTS.			
1. Discount on loans raised in previous years brought to account as debt incurred	·27	·27	·31
2. Portion of purchase price of Southern Punjab Railway withheld under terms of contract (net)	..	1·96	—1·96
3. Remittances between England and India—			
(a) Recoveries on account of drawings by Iraq administration on India	·60	·58	·58
(b) Sale of silver	·20	3·76	·50
(c) Other transactions	·88	1·52	·86
Total Receipts, excluding direct remittances and loans	1·95	8·09	·29
DISBURSEMENTS.			
4. Excess of Expenditure of the Central Government over Revenue	25·24	25·27	25·57
5. Disbursements on behalf of Provincial Governments	2·65	2·73	3·08
6. Capital Expenditure not charged to Revenue—			
(a) Outlay on State Railways	7·50	7·45	3·27
(b) Capital charge involved in the purchase of Railways	5·27	5·25	..
(c) Other items	·15	·15	·13
Discharge of Debt	2·28	2·28	2·37
8. Deposits and Advances	—·10	—·09	—·10
TOTAL DISBURSEMENTS	42·99	43·04	34·32
NET DISBURSEMENTS	41·04	34·95	34·03
Remittances from India (net)	35·05	24·75	31·30
New Loan (less discount)	5·27	5·94	..
India Bills (net)	..	6·00	..
Reduction (+) or increase (—) of cash balance	+·72	—1·74	+2·73
Opening Balance	5·47	5·24	6·98
Closing Balance	4·75	6·98	4.25

59. Out of the purchase price of the Southern Punjab Railway, *viz.*, £5·25 millions—*vide* item 6(*b*), £3·29 millions only have been actually paid in 1929-30, the remainder of £1·96 millions being held in our balances as unfunded debt which will be discharged early next year. This explains the entries against item 2.

60. Item 3 (*a*) has already been explained in paragraph 57. Normally, item 3 (*c*) relating to 'Other transactions' is almost entirely made up of recoveries from the Governments of Hong-Kong, the Straits Settlements and Siam in respect of opium supplied from India under agreement, the other indirect remittances to and fro practically balancing one another.

61. The amount shown under the head 'Discharge of Debt' includes the provision for railway sinking funds, the capital portion of railway annuities and the equated instalments in repayment of the war loan liability. These payments are made out of the provision for reduction or avoidance of debt—*vide* paragraph 44.

62. The remittance programme, as estimated, is as follows :—

	(In millions of £.) Revised, 1929-30.	Budget, 1930-31.
Purchase of Sterling	19·05	31·80
Transfers through Paper Currency Reserve	9·50	...
	28·55	31·80

The net figures shown in paragraph 58 take into account the transfer of sale-proceeds of silver—*vide* item 3 (*b*)—to the Paper Currency Reserve. The programme is only illustrative. The actual amount of remittance must, like the form, necessarily depend upon circumstances.

63. The sterling debt incurred in 1929-30 is as follows :—

(*i*) In May 1929, nine months' India Bills for £6 millions.

(*ii*) In December 1929, twelve months' India Bills for £6 millions.

(*iii*) In February 1930, 6 per cent. Bonds, 1932-33, issued at 99, for £6 millions.

Of these, (*i*) has been repaid, while (*ii*) will be outstanding at the close of the current year and it has been assumed, for the purposes of the budget, that an identical amount will be outstanding at the close of next year as well.

64. The Gold Standard Reserve usually stands at £40 millions, any excess resulting from investments, etc., being transferred to Revenue or to the Equalisation Fund as the case may be—*vide* paras. 4 and 36. The receipts and charges in the two years are as follows :—

	(In millions of £.) Revised, 1929-30.	Budget, 1930-31.
Dividends, interest, etc.	1·57	1·80
Investments realised	52·40	55·90
TOTAL	53·97	57·70
Investments made	51·57	56·00
Appropriation to Revenue	2·30	1·65
Transfer to Equalisation Fund	·10	·05
TOTAL	53·97	57·70

INDIA

65. The following is a summary of the estimates of ways and means in India during 1929-30 and 1930-31 :—

(In crores of rupees.)

	Budget, 1929-30.	Revised, 1929-30.	Budget, 1930-31.
RECEIPTS.			
1. Excess of Revenue of the Central Government over Expenditure charged to Revenue	33·65	34·05	34·96
2. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net)	·60	2·95	2·40
(b) Savings Bank deposits (net)	9·51	8·12	9·43
3. Appropriation for reduction or avoidance of debt	5·97	5·85	5·90
4. Gain on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve (net)	—·23	—6·38	..
5. Railway Reserve and Railway and Posts and Telegraphs Depreciation Funds	5·76	·64	5·53
6. Post Office Cash Certificate Bonus Fund	..	..	·88
7. Miscellaneous Deposits and Remittances (net)	1·35	—·05	—1·59
TOTAL RECEIPTS	56·61	45·18	57·51
DISBURSEMENTS.			
8. Capital Expenditure not charged to Revenue—			
(a) State Railways	16·50	14·27	12·39
(b) Posts and Telegraphs	·55	·45	·61
(c) Delhi	·66	·63	·49
(d) Bombay Land Scheme	..	..	2·05
(e) Other items	·73	·66	·65
9. Revenue Reserve Fund	·90	..	..
10. Permanent Debt discharged (net)	·22	22·67	16·10
11. Floating Debt discharged (net)	·95	—15·35	4·00
12. Loans by the Central Government—			
(a) To Provincial Loans Fund	4·63	4·89	5·32
(b) Other Loans	1·61	2·08	1·41
13. Remittances between England and India—			
(a) Remittances from India for financing Home Treasury	46·73	33·01	41·73
(b) Drawings by the Iraq administration recoverable in England	·80	·77	·77
(c) Other transactions (net).	1·45	7·05	1·81
14. Balances of Provincial Governments	—·95	·93	—1·49
TOTAL DISBURSEMENTS	74·78	72·06	85·84
NET DISBURSEMENTS	18·17	26·88	28·33
New Loan (less discount and primium on Conversion)	18·00	35·47	23·50
Reduction (+) or increase (—) of cash balance	+·17	—8·59	+4·83
Opening Balance	11·74	9·20	17·79
Closing Balance	11·57	17·79	12·96

66. Item 8 (*d*) represents a payment which is expected to be made to the Government of Bombay for reclaimed land at Colaba to be taken over for the use of the Military Department. The payment, when made, will be utilised by the Bombay Government for the repayment of the advances taken by them in 1923-24. This will, accordingly, reduce the amount of the Central Government's advances to the Provincial Loans Fund and will not affect the ways and means position as a whole.

The estimates of Provincial Governments' transactions—*vide* items 12 (*a*) and 14—are based on the assumption that the net drawings from the Central Government in India and England, including those in the shape of advances through the Provincial Loans Fund, will be 9½ crores in the current year and 8 crores in the next. The latter figure allows for the repayment just referred to.

67. The result of the current year's rupee loan is summarised below for reference :—

(In crores of rupees.)

	5 per cent. Loan, 1939-44.	5 per cent. Bonds, 1935.	Total.
Subscriptions in cash .	8,98·51	4,23·44	13,21·95
Subscriptions in the form of Indian treasury bills .	32·51	5·30	37·81
Subscriptions in the form of			
1930 Bonds . .	10,38·66	3,81·75	14,20·41
1931 ,, . .	4,21·26	..	4,21·26
1932 ,, . .	5,23·29	..	5,23·29
Total nominal value .	29,14·23	8,10·49	37,24·72

68. The amount of the new loan now estimated for next year has been shown separately at 23½ crores. The estimate provides for the conversion or discharge of 15½ crores of the 6 per cent. Bonds, 1930 of which there are 15·77 crores outstanding ; and also for the net discharge of 60 lakhs of other debt including 46 lakhs of the 5 per cent. Loan, 1939-44 to be purchased out of the Depreciation Fund—*vide* details in Statement C. The new money required in the shape of Permanent Debt in India will thus be 7·4 crores only. The figure is, however, again illustrative only and the actual amount and other details will depend upon the circumstances of the time.

69. The balances of treasury bills will be as follows :—

(In crores of rupees).

	31st March 1929.	31st March 1930.	31st March 1931.
With the public . .	4	24	20
In the Paper Currency Reserve . . .	39·15	34·50	34·50

70. The figures regarding India's debt have been given in Appendix III in the same form as they were exhibited last year. In introducing this form, the Finance Member explained the difficulties of compiling a statement which gives a complete picture of the situation and pointed out some of the special factors which tend to confuse the picture. The figures for the year ending the 31st March 1930 bring out clearly a factor which was not mentioned last year. The balance of total interest-bearing obligations not covered by assets on the 31st March 1930 shows an increase of 6·41 crores over the balance on the 31st March 1929. Neglecting various balancing items, this increase may be attributed to the book loss, on the sale of silver, which is placed at 6·38 crores (*vide* item 4). Government, in their capacity as currency authority, have actually strengthened their position by the sale of silver as they have obtained liquid assets in exchange for assets which were frozen, but as the silver in the form of rupees was valued in the Paper Currency Reserve, at Re. 1 per standard tola, the sale involved either a decrease in the note circulation or an increase in the rupee securities in this Reserve corresponding to the difference between the bullion value and the currency value of the rupees sold. In either case, the net effect on the ordinary Government accounts was an increase in the unproductive debt. For this reason, the increase in the current year in the balance of interest-bearing obligations not covered by assets does not represent any real deterioration in the debt position.

The $\frac{31st\ March}{3rd\ April}$ *1930.*

A. C. McWATTERS.

APPENDIX I.

Statement of *net* revenue and expenditure (excluding transactions relating to the Revenue Reserve and Road Development Funds).

[In lakhs of rupees).

——	Actuals.						Revised, 1929-30.	Budget, 1930-31.
	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.		
NET REVENUE (REVENUE *LESS* CORRESPONDING EXPENDITURE INCLUDING CAPITAL EXPENDITURE CHARGED TO REVENUE).								
Civil.								
Customs . . .	38,98	44,98	46,96	46,57	47,36	48,30	49,06	52,58
Taxes on Income . .	17,61	15,41	15,27	15,03	14,41	16,01	16,38	17,24
Salt	8,65	6,12	5,01	5,45	5,35	6,36	5,43	5,71
Opium	1,66	1,44	2,04	3,33	3,07	2,72	2,59	2,07
Other principal heads .	2,13	1,53	1,52	1,59	1,63	1,59	1,61	1,61
Currency and Mint .	2,14	3,28	3,94	3,39	1,90	2,17	2,11	2,11
Provincial Contributions, etc	8,84	8,74	6,08	5,13	3	3	..	..
Extraordinary . .	—81	2,54	38	57	—4	29	1,90	31
Total, Civil . .	79,20	84,04	81,20	81,06	73,71	77,47	79,08	81,63
Railways . . .	6,44	6,78	5,49	6,01	6,28	5,23	6,12	5,74
Total net revenue .	85,64	90,82	86,69	87,07	79,99	82,70	85,20	87,37
NET EXPENDITURE (EXPENDITURE *LESS* CORRESPONDING REVENUE).								
Civil.								
Irrigation . . .	6	11	8	5	8	13	17	11
Debt Services . .	14,17	15,27	14,12	12,66	11,99	12,82	12,19	14,36
Civil Administration .	8,65	9,39	9,87	10,28	10,22	10,43	11,56	12,20
Civil Works . . .	1,33	1,65	1,48	1,74	1,42	1,38	1,44	1,47
Miscellaneous . .	3,52	3,89	3,71	3,36	3,23	3,16	3,66	3,31
Total, Civil .	27,73	30,31	29,26	28,09	26,94	27,92	29,02	31,45
Posts and Telegraphs .	—71	—80	—1,88	5	47	74	73	71
Military . . .	56,23	55,63	56,00	55,97	54,79	55,10	55,10	54,35
Total net expenditure .	83,25	85,14	83,38	84,11	82,20	83,76	84,85	86,51
Surplus (+), Deficit (—) .	+2,39	+5,68	+3,31	+2,96	—2,21	—1,06	+ 5	+86

APPENDIX II.

Memorandum on the Military Estimates for 1930-31.

The Military Estimates for 1930-31 have been prepared in the same form as those for 1929-30. These follow a cash system of estimates and accounts which was readopted in 1927-28 in place of the elaborate system of cost accounts which was previously in force.

2. Since 1922-23 substantial reductions have been effected in the expenditure on the military services. The actual net expenditure as shewn in the final accounts or as estimated, where the accounts are not yet closed, is indicated in the following statement :—

	Rs. (Crores.)
1922-23	65·27
1923-24	56·23
1924-25	55·63
1925-26	56·00
1926-27	55·97
1927-28	54·79
1928-29	55·0
1929-30 (Budget Estimate)	55·10
1929-30 (Revised Estimate)	55·10
1930-31 (Budget Estimate)	54·35

3. The Indian Retrenchment Committee, after their exhaustive examination of every aspect of military administration, recommended that the net budget for 1923-24 should be fixed at Rs. 57¾ crores, subject to such addition as would be necessary on account of the delay which must necessarily ensue in carrying out the proposed changes, and in order to meet special expenditure in Waziristan, etc. In their final review of military expenditure, they envisaged further large automatic savings and they considered that, in subsequent years, expenditure would be susceptible of reduction to Rs. 57 crores and ultimately to Rs. 50 crores provided a further fall in prices took place. The expenditure in the year 1923-24 showed an actual reduction to Rs. 56·23 crores, largely due to the rapidity with which retrenchments were effected under the orders of His Excellency the Commander-in-Chief; and thus the first stage of Rs. 57 crores mentioned by the Retrenchment Committee was passed in the first year.

4. The figure of Rs. 56·23 crores for the year 1923-24 included heavy expenditure on gratuities to demobilised officers and in Waziristan, but these abnormal items were counterbalanced by credits from the proceeds of sale and utilisation of surplus stores. The budget for the year 1923-24 allotted a net sum of 62 crores for military services. This was reduced in the budget for 1924-25 to 60¼ crores, but by the time when the budget for 1925-26 was under consideration, the actual effect of the retrenchment operations, which it had been difficult to gauge in advance, had become apparent, and it was possible to reduce the budget provision for 1925-26 to Rs. 56·25 crores net

Further reductions have been made in subsequent budgets. The following table brings out the results achieved from 1922-23 at a glance :—

Net expenditure on Military Services.

(In crores of rupees.)

—	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.
Budget Estimate .	67·75	62·00	60·25	56·25	54·88	54·92	55·10	55·10	54·35
Revised Estimate .	67·09	59·74	56·33	56·28	55·55	54·92	55·10	55·10	.
Actual expenditure.	65·27	56·23	55·63	56·00	55·97	54·79	55·10	...	

5. In each year from 1923-24, the expenditure is well below the Retrenchment Committee's figure of Rs. 57 crores. It will be realised that, with the heavy commitments for expenditure in England which are provided for in the Military estimates, a considerable part of the reduction below Rs. 57 crores is attributable to the present rate of exchange, the Retrenchment Committee having worked on a basis of 1*s.* 4*d.*=1 Re. ; but certain additions have been made to the Military Budget of which the Retrenchment Committee did not take cognisance, *i.e.*, the provision of over half-a-crore of rupees for the revision of pay and grant of free passages to officers of the Army, and the transfer to Military estimates from the civil estimates of certain expenditure estimated in 1930-31 at Rs. 41 lakhs which is more properly accounted for under the former. The transfers which have been taken into account in the Budget for 1930-31 are shown below :—

(Thousands of rupees.)

(1) Payments to Telegraph Department for care of Army stores	30
(2) Customs duty	24,20
(3) Printing and Stationery	16,00
(4) Payments from the compassionate fund to personnel employed in the Military Department	15
(5) Payments to the Public Works Departments, Delhi, for rent of buildings	1,55
	42,20

On the other hand, the following items have been transferred from the military to the civil estimates :—

(1) Establishment of the Deputy Financial Adviser, Royal Air Force	43
(2) Establishment of the Budget Section, Military Finance .	42
(3) Charges for the Nepal escort	49
(4) Charges for the Perim Light-House and Coal Depots at Basidu and Bushire	24
	1,58
Net debit to military	40,62

6. In the memorandum on Military Estimates for 1929-30, it was stated that beginning with the year 1928-29 and ending with the year 1931-32, the military budget has been stabilised each year at a figure of 55 crores to which will be added the amount required to give effect to measures arising out of the recommendations of the Shea Committee on the Territorial Forces. It has since been decided that the period of the stabilised military budget should be extended by one year, *i.e.*, to end with the year 1932-33 and the figure of 55 crores should be reduced to 54·20 crores. Thus the amount allotted for military expenditure in each year of the stabilised budget beginning with 1930-31 will be 54·20 crores *plus* the amount allotted for expansion of the Territorial Force which in 1930-31 amounts to Rs. 15 lakhs. Any savings which may accrue within the total amount granted for military expenditure will be carried to a suspense account " Military Reserve Fund " which may be drawn upon for expenditure in later years. This arrangement has been adopted in order to enable the military authorities, firstly, to carry out a programme of mechanisation and modernisation of equipment necessitated by recent developments in military organisation, and, secondly, to repair certain deficiencies in equipment.

In accordance with this arrangement the revised estimates for 1929-30 stand at 55·10 crores and the budget estimate for 1930-31 at 54·35 crores. It was found possible in the current year to allot a sum of about 2·30 crores for expenditure on the military programme referred to above and it is anticipated that after meeting the normal charges for the maintenance of the military services in 1930-31 about 2 crores will be available for the same purpose.

7. The following is a brief summary of the main points affecting the major heads of the estimates. The variations in detail will be found described against each head in the volume of detailed estimates.

Part A-I.—Pay and allowances and Miscellaneous cash expenditure on the Fighting Services.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1928-29 . . .	20,00,84	13,98	19,86,86
Budget, 1929-30 . . .	19,10,29	10,55	18,99,74
Revised, 1929-30 . . .	19,48,00	11,43	19,36,57
Budget, 1930-31 . . .	18,80,65	11,24	18,69,41

This most important head in the Army Estimates records the pay and other cash charges in the fighting units constituting the Standing Army in India.

The decrease in the estimates for 1930-31 as compared with the estimates of 1929-30 is due mainly to reduction of 25 lakhs in the pay charges of British troops owing to new recruits being on reduced rates of pay and 10 lakhs on account of disbandment of two Indian infantry battalions being surplus to requirements. The principal causes which contributed to the decrease as compared with the Revised estimate, 1929-30, are reduction in pay charges of British troops, 37 lakhs; disbandment of two Indian infantry battalions, 10 lakhs; smaller payments for leave allowances paid by non-military departments, 10 lakhs (Revised allows for large arrear payments); and less expenditure in England and on exchange thereon, 6 lakhs.

8. *Part A-II.*—Administrative Services.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1928-29 . . .	6,67,42	12,35	6,55 07
Budget, 1929-30 . . .	7,03,51	11,14	6,92,37
Revised, 1929-30 . . .	6,84,91	12,11	6,72,80
Budget, 1930-31 . . .	7,35,47	12,01	7,23,46

The main charges compiled under this head are pay and allowances of the personnel of the Administrative Services.

The increase in the estimate for 1930-31 is due mainly to larger provision of reserves or grants for special measures which are eventually distributed to the heads under which expenditure is incurred and to transfer of provision for certain expenditure hitherto debited to other heads.

9. *Part A-III.*—Manufacturing Establishments.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1928-29 . . .	3,36,37	3,21	3,33,16
Budget, 1929-30 . . .	3,34,95	3,55	3,31,40
Revised, 1929-30 . . .	3,24,22	3,88	3,20,34
Budget, 1930-31 . . .	2,90,71	4,01	2,86,70

Under this head are recorded the expenses of Medical Store Depots, Bakeries, Butcheries, Ordnance and Clothing Factories, Grass Farms and Dairy Farms which are all treated as producing and manufacturing formations in the Army.

The decrease in budget, 1930-31, is mainly due to reduced demands on factories, consequent on reduction in the working stocks in Arsenals and depots.

10. *Part A-IV.*—Army Headquarters, Staff of Commands, etc.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1928-29 . . .	2,05,24	4	2,05,20
Budget, 1929-30 . . .	2,11,46	..	2,11,46
Revised, 1929-30 . . .	2,08,53	2	2,08,51
Budget, 1930-31 . . .	2,15,39	6	2,15,33

The increase in budget estimate, 1930-31 is the result of a re-organisation of Indian Army Service Corps appointments at Army, Command and District Headquarters by corresponding reduction in the Indian Army Service Corps and larger provision for furlough allowances and leave and deputaton salaries to be paid in England.

11. *Part A-V.*—Purchase and Sale of Stores, Equipment and Animals.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1928-29 . . .	6,31,21	1,50,06	4,81,15
Budget, 1929-30 . . .	6,49,30	1,55,81	4,93,49
Revised, 1929-30 . . .	6,33,41	1,53,20	4,80,21
Budget, 1930-31 . . .	5,75,36	1,52,61	4,22,75

The decrease in budget estimate, 1930-31 is due to smaller requirements for working stock, to a fall in the rates, disbandment of two Indian infantry battalions, re-organisation of Animal Transport and smaller outlay on mechanical transport vehicles.

12. *Part A-VI.*—Special Services.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1928-29 . . .	—8	13	—21
Budget, 1929-30 . . .	14	..	14
Revised, 1929-30 . . .	15	..	15
Budget, 1930-31 . . .	12	..	12

The charges compiled under this head are for the extra expenditure incurred on troops on the Tibet frontier. The actuals for 1928-29 became a *minus* figure owing to a credit from His Majesty's Imperial Government adjusted as deduction from expenditure.

13. *Part A-VII.*—Transportation, Conservancy, Hot Weather Establishments and Miscellaneous Charges and Receipts.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1928-29 . . .	3,31,84	31,44	3,00,40
Budget, 1929-30 . . .	3,88,79	40,76	3,48,03
Revised, 1929-30 . . .	3,45,04	50,62	2,94,42
Budget, 1930-31 . . .	3,34,87	22,60	3,12,27

The decrease in budget estimate, 1930-31 is due mainly to a decrease of 13 lakhs in the contribution to His Majesty's Government for the administration of Aden and to elimination of provision for certain special measures made under this head in the budget estimate of 1929-30.

14. *Part A-VIII.*—Non-effective charges and receipts.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1928-29 . .	8,40,79	53,27	7,87,52
Budget, 1929-30 . . .	8,34,22	37,95	7,96,27
Revised, 1929-30 . . .	8,51,65	95,32	7,56,33
Budget, 1930-31 . . .	8,51,76	69,27	7,82,49

As compared with the budget estimate for 1929-30 the increase in Revised, 1929-30 and Budget, 1930-31 is mainly due to fewer casualties among pensioners larger number of admissions to pensions and increased expenditure under pensions capitalised. The increased receipts in revised estimate, 1929-30 and budget estimate, 1930-31 represent mostly recoveries of arrears in connection with pension adjustments.

15. *Total Part A.*

(In thousand of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1928-29 . . .	50,13,63	2,64,48	47,49,15
Budget, 1929-30 . . .	50,32,66	2,59,76	47,72,90
Revised, 1929-30 . . .	49,95,91	3,26,58	46,69,33
Budget, 1930-31 . . .	48,84,33	2,71,80	46,12,53

16. *Part B.*—Auxiliary and Territorial Forces.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1928-29 . . .	80,45	8	80,37
Budget, 1929-30 . . .	92,95	..	92,95
Revised, 1929-30 . . .	88,59	11	88,48
Budget, 1930-31 . . .	96,39	5	96,34

The provision for 1930-31 includes Rs. 15 lakhs as against Rs. 10 lakhs in the current year for the Territorial Forces to cover the recommendations on the Shea Committee to which Government have decided to give effect. In addition to the provision made here expenditure is incurred under the Army and Military Engineering heads for stores and works for these forces which is calculated at about 22 lakhs.

17. *Part C.*—Royal Air Force.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1928-29 . . .	2,03,87	1,58	2,02,29
Budget, 1929-30 . . .	2,40,67	2,67	2,38,00
Revised, 1929-30 . . .	2,40,04	1,96	2,38,08
Budget, 1930-31 . . .	2,41,06	1,66	2,39,40

There is little change in the estimate, which provides for a further instalment of the re-equipment of squadrons.

18. *Total Army.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1928-29 . . .	52,97,95	2,66,14	50,31,81
Budget, 1929-30 . . .	53,03,78	2,62,43	50,41,35
Revised, 1929-30 . . .	53,24,54	3,28,65	49,95,89
Budget, 1930-31 . . .	52,21,78	2,73,51	49 48,27

19. *Marine.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1928-29 . . .	81,87	13,63	68,24
Budget, 1929-30 . . .	82,22	13,62	68,60
Revised, 1929-30 . . .	84,53	15,93	68,60
Budget, 1930-31 . . .	90,32	21,36	68,96

The variation in net expenditure is inconsiderable. The increase in gross expenditure and receipts is due mainly to larger expenditure on account of

development in connection with re-organisation to be met from the sale proceeds of the Kidderpore Dockyard. The amount which will be credited to Marine receipts in 1930-31 is estimated at Rs. 16½ lakhs as against 8½ lakhs included in budget estimate, 1929-30.

20. *Military Engineer Services.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1928-29	4,43,48	59,60	3,83,88
Budget, 1929-30	4,72,71	72,66	4,00,05
Revised, 1929-30	4,64,75	53,19	4,11,56
Budget, 1930-31	4,84,98	41,14	4,43,84

The increase in gross expenditure is due to provision for buildings at Wana and to normal increase in maintenance charges and to other new works undertaken in connection with maintenance and storage of mobilisation reserves for the Army. The decrease in receipts is due to smaller credits anticipated from the Land Sales Suspense Account. To this account are credited all realisations from the disposal of lands and buildings surplus to requirements.

21. *Transfers to or from Military Reserve Fund.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1928-29	26,07	..	26,07
Budget, 1929-30	..	..	..
Revised, 1929-30	33,95	..	33,95
Budget, 1930-31	..	26,07	—26,07

This head was opened as a result of the stabilisation of military budget estimates whereby any savings in one year may be transferred to a suspense head for utilisation in a future year. The saving is charged to military expenditure by credit to a suspense account "Military Reserve Fund" and when the money is taken out in a future year to meet expenditure the "Military Reserve Fund" is debited and the Military Estimates are credited. The saving credited to the suspense account in 1928-29 was Rs. 26·07 lakhs. It is anticipated that a further sum of Rs. 33·95 lakhs will be credited to the account in 1929-30.

In the estimates for 1930-31 a credit of Rs. 26·07 lakhs has been taken by transfer from the suspense account "Military Reserve Fund."

22. Statements are appended to this Memorandum which give actual and estimated gross and net expenditure figures from 1926-27 under Army Marine, Military Engineer Services, Transfers to or from Military Reserve Fund and also the totals. The figures for Army for 1926-27 cannot be classified under the new heads adopted from 1927-28.

23. If Honourable Members desire any further information on the details of the Military Budget, they are invited to obtain it by personal request to the Financial Adviser, Military Finance.

NEW DELHI:
The 28th February 1930.

A. MACLEOD,
Financial Adviser, Military Finance.

ARMY.

	Actuals, 1926-27.	Actuals, 1927-28.	Actuals, 1928-29.	1929-30. Budget.	1929-30. Revised.	Budget, 1930-31.
EXPENDITURE.						
India—						
Part A.—Standing Army.						
Effective Services.	R	R	R	R	R	R
Pay and allowances and Miscellaneous cash expenditure of the fighting services		16,11,88,376	16,19,21,337	15,56,96,000	15,88,78,000	15,24,70,000
Administrative services		5,92,54,415	6,38,77,053	6,63,18,000	6,39,16,000	6,92,55,000
Manufacturing establishments		2,72,38,658	2,67,80,484	2,61,21,000	2,45,23,000	2,27,63,000
Army Headquarters, Staff of Commands, etc.		2,02,10,412	1,94,66,467	2,00,78,000	1,95,97,000	2,03,12,000
Purchase and sale of stores, equipment and animals		3,70,15,920	4,95,20,975	5,12,45,000	4,70,38,000	4,53,11,000
Special services		87,594	—25,122	14,000	14,000	12,000
Transportation, conservancy, anti-malarial measures, hot weather establishments and miscellaneous		3,02,50,740	2,51,01,348	2,76,41,000	2,34,18,000	2,34,39,000
TOTAL—*Effective* R		33,53,06,115	34,56,42,442	34,71,13,000	33,74,34,000	33,34,62,000
Non-Effective Services.						
Non-effective charges R		3,40,42,279	3,54,39,935	3,40,41,000	3,57,15,000	3,56,71,000
Part B.—Auxiliary and territorial forces—Effective R		82,68,784	80,44,524	92,95,000	88,59,000	96,39,000
Part C.—Royal air force Effective R		1,05,61,900	1,13,46,637	1,07,84,000	1,11,90,000	1,23,19,000
Part C.—Royal air force Non-Effective R		1,284	23,729	29,000	35,000	30,000
R		1,05,63,184	1,13,70,366	1,08,13,000	1,12,25,000	1,23,49,000
Deduct—						
(1) Probable savings in connection with the introduction of new measures		...	...	62,50,000	...	...
(2) Lump cut for under-spending		...	...	...	...	...
TOTAL INDIA. Effective R	41,51,71,950	35,41,36,799	36,50,33,603	36,09,42,000	35,74,68,000	35,54,20,000
TOTAL INDIA. Non-Effective R	4,66,10,496	3,40,43,563	3,54,63,714	3,40,70,000	3,57,50,000	3,57,01,000
	46,17,82,446	38,81,80,362	40,04,97,317	39,50,12,000	39,32,33,000	39,11,21,000
		£	£	£	£	£
EXPENDITURE.						
England—						
Part A.—Standing Army.						
Effective Services.						
Pay and allowances and miscellaneous cash expenditure of the Fighting Services		2,778,223	2,862,189	2,649,975	2,694,150	2,669,625
Administrative services		376,973	289,858	302,475	343,125	321,900
Manufacturing establishments		700,819	514,218	553,050	592,425	473,100
Army Headquarters, Staff of Commands, etc.		74,549	79,320	80,100	94,200	92,025
Purchase and sale of stores, equipment and animals		684,108	1,020,044	1,026,375	1,218,975	924,375
Carried over £		4,614,673	4,765,629	4,611,975	4,942,875	4,481,025
Carried over R	46,17,82,446	38,81,80,362	40,04,97,317	39,50,12,000	39,32,33,000	39,11,21,000

ARMY—*contd.*

		Actuals, 1926-27.	Actuals, 1927-28.	Actuals, 1928-29.	1929-30. Budget.	1929-30. Revised.	Budget, 1930-31.
Brought forward	R	46,17,82,446	38,81,80,362	40,04,97,317	39,50,12,000	39,32,33,000	39,11,21,000
	£		4,614,673	4,765,639	4,611,975	4,942,875	4,481,025
Special services	£		17,106	1,256	...	75	...
Transportation, conservancy, anti-a malarial measures, hot weather establishments and miscellaneous	£		491,349	606,238	842,850	831,450	753,600
TOTAL—*EFFECTIVE*	£		5,123,128	5,373,123	5,454,825	5,774,400	5,234,625
Non-Effective Services.							
Non-effective charges	£		3,597,814	3,647,947	3,703,575	3,708,750	3,712,875
Part C.—Royal Air Force—Effective	£		455,854	661,459	977,550	943,125	866,175
Non-Effective	£		15,800	14,800	16,500	15,300	15,600
TOTAL, PART C			471,654	676,259	994,050	958,425	881,775
	£	9,668,842	9,192,596	9,697,329	10,153,450	10,441,575	9,829,275
TOTAL ENGLAND—Effective	R	6,14,87,303	7,43,86,426	8,04,61,090	8,57,65,000	8,95,67,000	8,13,44,000
TOTAL ENGLAND—Non-Effective	R	3,52,01,033	4,81,81,529	4,88,36,630	4,96,01,000	4,96,54,000	4,97,13,000
	R	9,66,88,426	12,25,67,955	12,92,97,720	13,53,66,000	13,92,21,000	13,10,57,000
TOTAL EXPENDITURE—Effective	R	47,66,59,343	42,85,23,225	44,54,94,093	44,67,07,000	44,70,50,000	43,67,64,000
TOTAL EXPENDITURE—Non-Effective	R	8,18,11,539	8,22,25,092	8,43,00,344	8,36,71,000	8,54,04,000	8,54,14,000
	R	55,84,70,873	51,07,48,317	52,97,95,037	53,03,78,000	53,24,54,000	52,21,78,000
REVENUE.							
India—Effective	R	3,10,66,459	41,08,003	1,77,24,350	1,95,04,000	1,99,97,000	1,75,12,000
India—Non-Effective	R	19,72,526	16,21,854	17,90,834	17,22,000	27,85,000	18,74,000
India—TOTAL	R	3,30,38,985	57,29,857	1,95,15,184	2,12,26,000	2,27,82,000	1,93,86,000
England	£	369,771	349,197	532,405	376,275	756,225	597,375
England—Effective	R	25,79,397	26,10,057	35,62,477	29,44,000	33,36,000	29,12,000
England—Non-Effective	R	11,18,415	20,45,907	35,36,263	20,73,000	67,47,000	50,53,000
England—TOTAL	R	36,97,712	46,55,964	70,98,740	50,17,000	1,00,83,000	79,65,000
TOTAL REVENUE—Effective	R	3,36,45,756	67,18,060	2,12,86,827	2,24,48,000	2,33,33,000	2,04,24,000
TOTAL REVENUE—Non-Effective	R	30,90,941	36,67,761	53,27,097	37,95,000	95,32,000	69,27,000
TOTAL REVENUE—TOTAL	R	3,67,36,697	1,03,85,821	2,66,13,924	2,62,43,000	3,28,65,000	2,73,51,000
NET EXPENDITURE—India	R	42,87,43,461	33,24,50,505	38,09,82,133	37,37,86,000	37,04,51,000	37,17,35,000
NET EXPENDITURE—England	R	9,29,90,714	11,79,11,991	12,21,98,980	13,03,49,000	12,91,38,000	12,30,92,000
NET EXPENDITURE—Effective	R	44,30,13,587	42,18,05,165	43,42,07,866	42,42,59,000	42,37,17,000	41,63,40,000
NET EXPENDITURE—Non-Effective	R	7,87,20,588	7,85,57,331	7,89,73,247	7,98,76,000	7,58,72,000	7,84,87,000
NET EXPENDITURE—TOTAL	R	52,17,34,175	50,03,62,496	50,31,81,113	50,41,35,000	49,95,89,000	49,48,27,000

MARINE.

		Actuals, 1926-27.	Actuals, 1927-28.	Actuals, 1928-29.	1929-30. Budget.	1929-30. Revised.	Budget, 1930-31.
EXPENDITURE.							
India	R	46,15,997	47,20,159	53,98,683	52,92,000	54,06,000	60,75,000
England	£	191,749	218,736	209,109	2,19,750	228,525	2,21,775
	R	19,17,484	29,16,481	27,88,120	29,30,000	30,47,000	29,57,000
Total Expenditure	R	65,33,481	76,36,640	81,86,803	82,22,000	84,53,000	90,32,000
REVENUE.							
India	R	15,81,888	14,75,272	13,60,709	13,62,000	15,87,000	21,36,000
England	£	...	...	180	...	450	...
	R	...	...	2,397	...	6,000	...
Total Revenue	R	15,81,888	14,75,272	13,63,106	13,62,000	15,93,000	21,36,000
NET EXPENDITURE. India	R	30,34,109	32,44,887	40,37,974	39,30,000	38,19,000	39,39,000
NET EXPENDITURE. England	R	19,17,484	29,16,461	27,85,723	29,30,000	30,41,000	29,57,000
NET EXPENDITURE. TOTAL	R	49,51,593	61,61,368	68,23,697	68,60,000	68,60,000	68,96,000

MILITARY ENGINEER SERVICES.

		Actuals, 1926-27.	Actuals, 1927-28.	Actuals, 1928-29.	1929-30. Budget.	1929-30. Revised.	Budget, 1930-31.
EXPENDITURE.							
India	R	4,37,57,596	4,46,85,677	4,39,74,608	4,69,57,000	4,59,99,000	4,80,56,000
England	£	40,194	24,320	27,695	23,550	35,700	33,150
	R	4,01,940	3,24,259	3,69,266	3,14,000	4,76,000	4,42,000
TOTAL	£	4,41,59,536	4,50,09,936	4,43,48,874	4,72,71,000	4,64,75,000	4,84,98,000
REVENUE.							
India	R	1,11,40,479	35,68,219	59,60,421	72,66,000	53,19,000	41,14,000
NET EXPENDITURE. India	R	3,26,08,117	4,10,97,458	3,80,19,187	3,96,91,000	4,06,80,000	4,39,42,000
NET EXPENDITURE. England	R	4,01,940	3,24,259	3,69,266	3,14,000	4,76,000	4,42,000
NET EXPENDITURE. TOTAL	R	3,30,10,057	4,14,21,717	3,83,88,453	4,00,05,000	4,11,56,000	4,43,84,000

TRANSFERS TO OR FROM MILITARY RESERVE FUND.

		Actuals, 1926-27.	Actuals, 1927-28.	Actuals, 1928-29.	1929-30. Budget.	1929-30. Revised.	Budget, 1930-31.
EXPENDITURE.							
India	R	...	...	26,06,737	...	33,95,000	...
England	R						
Total Expenditure	R			26,06,737	...	33,95,000	...
REVENUE.							
India	R			...	...	...	26,07,000
England	R			...	...	...	
Total Receipts	R			...	...	...	26,07,000
NET EXPENDITURE. India	R			26,06,737	...	33,95,000	—26,07,000
NET EXPENDITURE. England	R			...	...	...	
NET EXPENDITURE. Total	R			26,06,737	...	33,95,000	—26,07,000

TOTAL MILITARY SERVICES: SUMMARY.

		Actuals, 1926-27.	Actuals, 1927-28.	Actuals, 1928-29.	1929-30. Budget.	1929-30. Revised.	Budget, 1930-31.
EXPENDITURE.							
India	R	51,01,56,039	43,75,86,198	45,24,82,345	44,73,61,000	44,80,33,000	44,52,52,000
England	£	9,900,785	9,435,652	9,934,133	10,395,750	10,705,800	10,084,200
	R	9,90,07,850	12,58,08,695	13,24,55,106	13,86,10,000	14,27,44,000	13,44,56,000
Total Expenditure	R	60,91,63,889	56,33,94,893	58,49,37,451	58,58,71,000	59,07,77,000	57,97,08,000
REVENUE.							
India	R	4,57,70,352	107,93,348	2,68,36,314	2,98,54,000	2,96,88,000	2,82,43,000
England	£	369,771	349,197	532,585	376,275	756,675	5,97,375
	R	36,97,712	46,55,964	71,01,137	50,17,000	1,00,89,000	79,65,000
Total Receipts	R	4,94,68,064	1,54,49,312	3,39,37,451	3,48,71,000	3,97,77,000	3,62,08,000
NET EXPENDITURE. India	R	46,43,85,687	42,67,92,850	42,56,46,031	41,74,07,000	41,83,45,000	41,70,09,000
NET EXPENDITURE. England	R	9,53,10,138	12,11,52,731	12,53,53,969	13,35,93,000	13,26,55,000	12,64,91,000
NET EXPENDITURE. Total	R	55,96,95,825	54,79,45,581	55,10,00,000	55,10,00,000	55,10,00,000	54,35,00,000

APPENDIX III.

Statement showing the interest-bearing obligations of the Government of India, outstanding at the close of each financial year.

	31st March 1923.	31st March 1924.	31st March 1925.	31st March 1926.	31st March 1927.	31st March 1928.	31st March 1929.	31st March 1930.
INTEREST-BEARING OBLIGATIONS.				(In crores of rupees.)				
In India—								
Loans (*a*)	339·83	358·81	370·38	368·29	374·44	372·25	390·73	405·31
Treasury Bills in the hands of the public	21·59	·12	..	..	..	7·59	4·00	24·00
Treasury Bills in the Paper Currency Reserve	49·65	49·65	49·65	49·65	41·47	31·94	39·15	34·50
Other Obligations—								
Post Office Savings Banks	23·20	24·79	25·64	27·23	29·51	32·67	34·49	37·48
Cash Certificates	3·13	8·42	13·12	20·96	26·68	30·70	32·30	35·25
Provident Funds, etc.	36·17	39·00	42·39	46·36	51·02	55·82	60·52	65·65
Depreciation and Reserve Funds	..	..	9·08	15·45	20·19	25·48	31·09	31·77
Provincial Balances (*b*)	2·86	4·17	4·83	11·87	10·49	10·48	10·43	10·17
Total Loans, etc.	411·07	410·58	420·03	417·94	415·91	411·78	433·88	463·81
Total Other Obligations	65·36	76·38	95·06	121·87	137·80	155·15	168·83	180·32
Total in India	476·43	486·96	515·09	539·81	553·71	566·93	602·71	644·13
In England.—				(In millions of £.)				
Loans (*a*)	222·92	244·53	263·39 (*c*)	266·35 (*e*)	265·09	272·32	283·31	289·04
War Contribution	19·71	19·27	18·81	18·32	17·81	17·28	16·72	16·13
Capital value of liabilities undergoing redemption by way of terminable railway annuities	61·31	60·10	58·84	57·53	56·19	54·79	53·35	51·86
India Bills	..	..	..	..	..	..	..	6·00
Provident Funds, etc.	·04	·13	·16	·21	·27	·19	·43	2·66
Total in England	303·98	324·03	341·20	342·41	339·36	344·58	353·81	365·69
				(In crores of rupees.)				
Equivalent at 1*s.* 6*d.* to the Rupee	405·31	432·04	454·93	456·55	452·48	459·44	471·75	487·59
Total Interest-bearing obligations	881·74	919·00	970·02	996·36	1,006·19	1,026·37	1,074·46	1,131·72
INTEREST-YIELDING ASSETS—								
Capital advanced to Railways	517·22	537·02	578·05 (*d*)	605·61 (*f*)	635·46	668·60	700·69	731·90
Capital advanced to other Commercial Departments.	19·43	20·07	22·00	17·77	19·16	20·73	21·81	23·05
Capital advanced to Provinces	87·49	97·56	106·43	114·60	120·17	126·34	137·52	142·45
Capital advanced to Indian States and other interest-bearing loans	8·90	8·93	10·16	11·84	12·11	13·91	15·49	17·57
Total Interest-yielding assets	633·04	663·58	716·64	749·82	786·90	829·58	875·51	914·97
Cash, bullion and securities held on Treasury account	44·80	50·47	57·35	51·96	37·48	24·26	28·34	39·73
Balance of total interest-bearing obligations not covered by above assets	203·90	204·95	196·03	194·58	181·81	172·53	170·61	177·02

(*a*) These figures represent the nominal amounts of loans outstanding and also include comparatively small amounts of expired loans which do not bear interest.

(*b*) The figures represent those portions of provincial balances which bear interest either because they form part of the old Famine Insurance Fund or the present Famine Relief Fund or because they have been placed with the Government of India on fixed deposit.

(*c*) Includes the liability assumed by the Secretary of State for East Indian Railway Debenture Stock, aggregating £18½ millions, on the termination of the contract with that Railway on the 1st January 1925. It therefore does not represent any increase in the foreign indebtedness of the country as a whole.

(*d*) Includes 27 07 crores on account of the liability referred to in (*c*) above.

(*e*) Includes the liability assumed by the Secretary of State for the Great Indian Peninsula Railway Debenture Stock, aggregating £3½ millions, on the termination of the contract with that Railway on the 1st July 1925. *Vide* also last sentence under (*c*) above.

(*f*) Included 4·88 crores on account of the liability referred to in (*e*) above.

APPENDIX IV.

Statement showing the distribution, as between voted and non-voted, of the gross expenditure of the Central Government as shown in the Budgets presented to the Legislature.

[In lakhs of rupees.]

	1928-29.				1929-30.				1930-31.			
	Voted.	Non-voted.	Total.	Percentage of voted to total.	Voted.	Non-voted.	Total.	Percentage of voted to total.	Voted.	Non-voted.	Total.	Percentage of voted to total.
Expenditure charged to revenue.	96,12	1,13,87	2,09,99	46	1,00,16	1,16,66	2,16,82*	46	1,01,23	1,19,36	2,20,59	45
Expenditure not charged to revenue	30,05	4,36	34,41	87	36,04	2,81	38,85	93	19,06	2,19	21,25	90
Total Expenditure both charged and not charged to revenues	1,26,17	1,18,23	2,44,40	52	1,36,20	1,19,47	2,55,67	53	1,20,29	1,21,55	2,41,84	50

*These figures have been arrived at as follows :—

Expenditure as per Budget Statement . .	1,29,60	1,34,06	1,34,78
Add—Working expenses of—			
(*a*) Railway Department	66,31	68,45	71,40
(*b*) Posts and Telegraphs	11,13	11,31	11,54
(*c*) Irrigation . .	9	9	10
Add—Refunds . .	2,86	2,83	2,69
Recoveries included in Civil Works Demand	..	3	3
	2,09,99	2,16,82	2,20,59

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APPENDIX V.

PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PREFATORY NOTE.

I.—Scope of pro formâ *account.*

The following *pro formâ* account, with its supporting statements, exhibits the expenditure, initial and annual, on Delhi and the Delhi Province and also any receipts and savings which form a direct set-off to that expenditure. The account has been prepared in consultation with the Auditor General and carries his approval as regards both its form and its substantial completeness at the present date subject to the qualifications implied in the following prefatory remarks.

2. The main item of the account, as regards non-recurring expenditure, is the Delhi project proper, the figures for which appear against item 1 of Part I.—*Initial Outlay.* The principal recurring charge is that representing the expenditure in the new province, which appears as item 1 of Part II—*Annual Expenditure.*

3. The account necessarily exhibits any expenditure occurring under the named heads, without qualification on account of contributory causes. It must, therefore, be clearly understood that the increase of expenditure, including that in the Delhi Province, is not wholly due to the change of Capital. Thus, an increase of the garrison at Delhi on strategic grounds had been already independently and strongly recommended to the Government of India by the Chief of the General Staff and endorsed by His Excellency the Commander-in-Chief in July 1911, before the transfer of the Capital had been officially proposed, and the construction of the accommodation for the troops already there had long been recognised as pressing. Similarly, the recent advance in the policy relating to education and sanitation, particularly the latter, would, under any circumstances, have involved increased expenditure in the city. For practical purposes, these considerations must be ignored in the figured statements, as well as various similar points of minor pecuniary significance.

II.—Relation between the pro formâ *account and the regular accounts.*

4. A brief explanation is added below connecting the various items in the *pro formâ* account with the entries in the published accounts and estimates. Some further explanations are also to be found in the account itself and in its supporting statements.

Item 1 of Part I of *pro formâ* account.

5. The capital expenditure directly incurred on the construction of the new Imperial Capital at Delhi is shown in the regular accounts under the special head "57—Initial Expenditure on the new Capital at Delhi." The only other item of expenditure which will be recorded in the capital section of the regular accounts is that arising from diversions or re-arrangements of the railway system, which will appear under the head "53—State Railways."

Item 3(*b*), *ibid.*

6. The initial expenditure incurred during the years 1911-12 and 1912-13 in connection with the provision of temporary accommodation for the Government of India at Delhi, pending the construction of the new Capital, has been treated, on the advice of the Auditor General, as a revenue charge, under a special minor head styled "Temporary Delhi" subordinate to the major head "41—Civil Works". Any non-recurring receipts which may eventually be obtained in connection with these temporary works, *e.g.*, from the sale of lands and buildings when no longer required by the Government of India, will be similarly credited under a special head subordinate to the major head "XXX—Civil Works".

Item 2, *ibid.*

Item II, *ibid.*

Items 1 and I of Part II of *pro formâ* account.

7. The remaining expenditure is mainly brought to account in one of two ways: either, first, as expenditure of the new Province; or secondly, as departmental expenditure chargeable to the Department in which it is incurred.

8. The expenditure and receipts appertaining to the *quasi*-provincial administration of the Central area are brought to account in the same way as in the case of other minor administrations. It will be noted that any grants which may be specially given from Central revenues in aid of the Delhi Municipality or other local funds will be brought into the regular accounts and consequently, into the *pro formâ* account also, since they will appear as charges of the Delhi administration.

Items 3 (*a*) and III of Part I of *pro formâ* account.

9. Expenditure which does not appertain to provincial administration, is recorded, as in the case of other provinces, under its appropriate departmental head in the regular accounts. Thus expenditure on the land and buildings required for the new Cantonment, and any corresponding receipts, appear under the heads Army and Military Engineer Services, under both of which a special Delhi sub-head has been opened. Railway capital outlay has already been referred to. Railway revenue charges and receipts similarly come under the Railway account head. In these cases, the *pro formâ* account necessarily exhibits only initial expenditure and non-recurring receipts, as Military expenditure is not being permanently increased and the influence of the new Capital on the ordinary daily receipts and working expenses of the Railways cannot evidently be satisfactorily isolated. This latter consideration also applies to the case of Posts and Telegraphs expenditure, which moreover represents ordinary administrative expenditure of the department, and is relatively insignificant in amount. For these reasons, in the case of this department neither the initial outlay nor the recurring receipts and expenditure have been included.

10. There are also a few items of expenditure and of actual receipt or of definite saving which are not recorded in the accounts of the Delhi Province or in the departmental accounts, but which it is necessary to take into consideration in calculating the expenditure on Delhi and the Delhi Province. Most of these are self-explanatory, but attention may be called to the intended treatment of the sale-proceeds of vacated lands and buildings at Calcutta (if any) and elsewhere. These will be credited under the major heads "XXXV—Miscellaneous" and "XXX—Civil Works", and the *pro formâ* account will take credit only for actual Central receipts. No account will be taken, in the statements themselves, of book transactions, or of the considerable savings obtained from the vacation of rented accommodation, *i.e.*, of relief in respect of rental payments which the Local Government obtain by giving up private buildings previously leased for provincial establishments, and moving the latter into offices formerly occupied by the Government of India. Any reference made to such saving will, therefore, be found in an explanatory footnote. [See Part I, Note 5.]

Items 4 to 7 and I and IV of Part I, and Items 2 and II to IV of Part II of *pro formâ* account.

Item I of Part I.

11. Outlay on stores and all other expenditure incurred in England under a capital head or as a revenue charge, which can be distinguished as appertaining to the construction of Delhi or to the administration of the Delhi Province, have been included in the *pro formâ* account.

PRO FORMÂ ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART I.—INITIAL OUTLAY.

[Figures in thousands of rupees.]

Expenditure.	Actuals to end of 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.	Receipts.	Actuals to end of 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
1. DELHI PROJECT: Capital outlay on Permanent Delhi chargeable to Head "57" (for details see Statement I-A)	13,42,91	69,47	51,84	I.—Receipts on account of Central buildings vacated by the Government of India or attached offices in consequence of the move (a)‖	20,15	1,43	57
2. Temporary Delhi *	54,33	...	...				
3. Initial expenditure of non-Civil Departments:—							
(a) Military services †	1,11,75	1,77	34				
(b) Railways ‡	1,05,86	3,14	2,00				
4. Non-recurring grant to the Punjab Government in compensation for expenditure incurred on new headquarters buildings for the Commissionership transferred from Delhi	1,36	...	...	II.—Non-recurring receipts on account of Temporary Works	2	...	...
5. Cost of withdrawal to Delhi of Central offices previously located at Calcutta or elsewhere	7,52	1,57	2,10	III.—Recoveries on account of land or buildings vacated in the old Cantonment of Delhi‖	...	...	...
6. Special non-recurring monetary concessions to establishments of the Government of India and attached offices on the occasion of their first move to Delhi	9,41	47	55	IV.—Miscellaneous items	8,46	...	...
7. Miscellaneous items §	11,22	65	69				
TOTAL	16,44,36	77,07	57,52	TOTAL	28,63	1,43	57
Total expenditure to end of 1930-31		17,78,95		Total receipts to end of 1930-31		30,63	
Net expenditure to end of 1930-31		17,48,33					

* NOTE 1.—The head "Temporary Delhi" has been closed from 1st April 1913, subsequent expenditure being treated as part of the expenditure of the Delhi Province—see Part II of Account.

† NOTE 2.—The expenditure included under item 3 (*a*) is that relating to the formation of the new Cantonment. Its details are as follows:—

	To end of 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
Acquisition of land	13,20	...	...
Cost of buildings	89,72	1,76	34
Establishment charges	6,77	1	...
Tools and plants	2,06	...	...
TOTAL	1,11,75	1,77	34

‡ NOTE 3.—The figures relate to charges for the acquisition of land and outlay on railway facilities at Nangal Raya. They include transactions on account of Delhi New Capital Railway Works.

§ NOTE 4.—The expenditure shown against item 7 represents mainly the proportionate cost of the Office of the Accountant General, Central Revenues, (Audit Staff, Delhi Experiments) and the cost of temporary establishments employed in the Secretariats in connection with the change of Capital.

‖ NOTE 5.—These heads record only actual receipts obtained from the sale of the vacated buildings and land. As explained in paragraph 10 of the Prefatory Note, this procedure has the effect of excluding a substantial true saving in respect of rented accommodation. Thus from 1913-14 to 1922-23 the Government of Bengal, by moving their offices into the vacated Central buildings in Calcutta, saved Rs. 7,69,800 partly by being enabled to dispense with private accommodation previously leased, and partly by being relieved from the necessity of renting further accommodation. With effect from 1923-24 rent is bring recovered from the Local Government for the occupation of Central buildings at Calcutta and the receipts are being shown under head I.

(*a*) Includes Rs. 19 lakhs on account of value of premises No. 3, Koilaghat Street sold to E. B. Railway and as 20,000 on account of rent receipts.

PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART II.—ANNUAL EXPENDITURE.

[Figures in thousands of rupees.]

Expenditure.	Actuals, 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.	Receipts.	Actuals, 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
1. Expenditure of Delhi Province*	1,05,14	1,13,10	1,24,20	I.—Revenue of Delhi Province*	43,00	44,62	45,68
2. Miscellaneous items	...	...	...	II.—Saving under Calcutta house allowances	19	18	18
				III.—Saving under hill journey and travelling allowances and contingencies on account of shorter move of Secretariat and attached offices‡	2,50	2,50	2,50
Total expenditure	1,05,14	1,13,10	1,24,20	IV.—Miscellaneous items	46	46	46
Net expenditure	58,90	65,34	75,28	Total receipts	46,24	47,76	48,82

* NOTE 1.—The details of this item are given in Statement II-A.

‡ NOTE 2.—The figure shown against item III is a minimum figure calculated once for all on the assumption that all offices or portions of offices which previously moved between Calcutta and Simla have subsequently moved regularly between Delhi and Simla. The actual saving throughout has been large owing to certain establishments which previously moved to Calcutta being retained in Simla throughout the cold weather.

STATEMENT I-A.

Details of Capital outlay on the Delhi Project working up to the total figures shown against item 1 in Part I of *pro formâ* account.

[Figures in thousands of rupees.]

Items.	Actuals to end of 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
A.—Pay and allowances—			
(a) Preliminary Investigation—			
(i) Gazetted Government servants*	2,04	...	...
(ii) Non-gazetted Government servants	14	...	...
(b) Public Works and Electrical officers employed on the Project—			
(i) Gazetted Government servants*	1,09,01	5,49	5,26
(ii) Non-gazetted Government servants	86,24	8,93	10,25
(c) Other officers employed on the Project—			
(i) Gazetted Government servants*	5,90	16	14
(ii) Non-gazetted Government servants	5,71	38	41
B.—Travelling allowances of Officers and Establishment—			
(a) Preliminary Investigation—			
(i) Gazetted Government servants*	23	...	..
(ii) Non-gazetted Government servants	2	...	...
(b) Public Works and Electrical officers employed on the Project—			
(i) Gazetted Government servants*	9,30	48	59
(ii) Non-gazetted Government servants	5,68	42	56
(c) Other officers employed on the Project—			
(i) Gazetted Government servants*	76	3	3
(ii) Non-gazetted Government servants	55	4	4
C.—Supplies, Services and Contingencies—			
(a) Preliminary investigation	51	...	...
(b) Public Works and Electrical officers employed on the Project	8,18	66	70
(c) Other officers employed on the Project	48	1	2
Total A, B and C	2,34,75	16,60	18,00
Deduct—Credits from other heads of accounts	*62,11*	*5,30*	*9,27*
Net total A, B and C (carried over)	1,72,64	11,30	8,73

*NOTE—The town planners and other experts are included under this head.

Details of Capital outlay on the Delhi Project working up to the total figures shown against item 1 in Part I of *pro formâ* account—*contd.*

[Figures in thousands of rupees.]

Items.	Actuals to end of 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
Net total A, B, C. (brought forward) .	1,72,64	11,30	8,73
D.—Works Expenditure—			
(i) Buildings—			
(*a*) Government House . . .	1,47,51	21,55	9,25
(*b*) Secretariats	1,81,97	2,77	1,65
(*c*) Other buildings	2,30,24	34,01	36,29
(*d*) Legislative Chambers . . .	82,71	5,32	1,61
(ii) Communications	29,75	73	1,21
(iii) Miscellaneous Public Improvements .	20,91	84	1,08
(iv) Electric Light and Power . . .	59,98	4,13	4,43
(v) Irrigation	41,26	33	1,20
(vi) Sanitation including water supply, drainage and sewage	1,14,29	2,27	4,67
(vii) Purchase of tools and plant . . .	94,19	30	68
(viii) Stock and Suspense	25,13	—1,88	—3,00
(ix) Miscellaneous items	90,88	52	66
(x) Maintenance during construction . .	87,65	4,11	2,37
(xi) Railway diversion	13,79	...	...
E.—Acquisition of land	34,15	2	...
F.—Other Miscellaneous expenditure . . .	6	...	3,01
G.—*Minus* Unallotted Reserve	...	—6,73	—11,00
Deduct—Receipts on Capital Account . . .	*84,20*	*10,12*	*11,00*
TOTAL . .	13,42,91	69,47	51,84

STATEMENT II-A.

Revenue and Expenditure of Delhi and Delhi Province.

[Figures in thousands of rupees.]

Receipts.				Expenditure.			
Major Heads of Account.	Actuals, 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.	Major Heads of Account.	Actuals, 1928-29.	Revised Estimate, 1929-30.	Budget Estimate, 1930-31.
I.—Customs	...	...	...	2. Taxes on Income	66	69	84
II.—Taxes on Income	10,40	9,71	10,41	5. Land Revenue	58	64	64
				6. Excise	3,68	3,70	3,68
IV.—Opium	...	...	...	7. Stamps	32	9	9
V.—Land Revenue	3,49	2,45	2,41	8. Forests	9	10	10
				9. Registration	4	4	4
VI.—Excise	9,46	8,63	8,63	15. Miscellaneous Irrigation Expenditure.	2	4	5
VII.—Stamps	7,19	7,21	7,21	19. Interest	14,54	12,31	12,31
IX.—Registration	49	46	46	22. General Administration	3,71	3,82	4,48
				23. Audit	25	28	31
XIV.—Irrigation works for which no Capital Account is kept	1	2	2	24. Administration of Justice	2,50	2,73	2,77
				25. Jails and Convict Settlements	1,41	1,46	1,58
XVI.—Interest	22	15	17	26. Police	9,51	9,87	11,40
XVII.—Administration of Justice	51	51	51	28. Ecclesiastical	18	21	21
				29. Political	9	12	20
XVIII.—Jails and Convict Settlements	16	11	14	31. Education	9,19	9,65	10,13
				32. Medical	5,32	5,65	5,43
XIX.—Police	28	24	27	33. Public Health	1,96	2,03	1,93
XXI.—Education	50	48	47	34. Agriculture	52	65	70
				35. Industries	25	29	35
XXII.—Medical	19	14	21	37. Miscellaneous Departments	3	4	4
XXIII.—Public Health	12	8	8	38. Currency	16	15	20
XXIV.—Agriculture	5	5	5	41. Civil Works—Delhi Province	38,91	46,91	52,33
XXV.—Industries	9	7	5	Civil Works—Viceregal Estates, Delhi	1,56	2,17	4,62
XXVI.—Miscellaneous Departments	12	12	12	44. Territorial and Political Pensions	49	51	51
XXX.—Civil Works	7,26	12,21	12,55	45. Superannuation Allowances and Pensions	3,12	3,23	3,23
XXXIII.—Receipts in aid of Superannuation	39	28	28	46. Stationery and Printing	2	5	4
XXXIV.—Stationery and Printing	3	7	7	47. Miscellaneous	3,64	3,89	4,05
XXXV.—Miscellaneous	2,13	1,64	1,57	60B. Commuted value of pensions	2,39	1,78	1,80
Total	43,09	44,62	45,68	Total	1,05,14	1,13,10	1,24,20

Appendix VI.

COMMERCIAL AND FINANCIAL STATISTICS.

Appen

COMMERCIAL AND

	1921-22.	1922-23.	1923-24.	1924-25.
	Rs.	Rs.	Rs.	Rs.
Recorded revenue compared with recorded expenditure excluding capital expenditure not charged to Revenue—				
Surplus	..	..	2,38,99,758	5,68,25,698
Deficit	27,65,01,700	15,01,76,392	..	..
Capital Expenditure on Railways and Irrigation works not charged to Revenue.	22,97,57,115	18,45,67,524	20,80,11,576	13,46,94,254
Capital charge involved in the purchase of Railways.	..	..	..	..
Capital outlay on the Posts and Telegraphs Department not charged to Revenue.	81,61,617	65,62,006	75,21,560	1,17,55,881
Capital outlay on Light-houses and Light-ships.	..	..	..	..
Capital outlay on Vizagapatam Port and Security Printing not charged to Revenue.	..	..	..	..
Initial Expenditure on New Capital at Delhi.	1,35,27,418	1,34,79,432	1,54,73,652	1,42,18,868
Commuted value of pensions not charged to Revenue.	..	..	..	..
Currency Capital outlay	..	..	..	..
Outlay on Bombay Land Scheme	..	..	..	..
Net Public Debt incurred	49,19,30,108	25,61,19,053	17,67,00,540	9,62,96,934
Value of commodities exported, excluding Gold and Silver.	2,48,65,80,000	3,16,07,20,000	3,63,37,60,000	4,00,24,30,000
Value of commodities imported, excluding Gold and Silver.	2,82,59,80,000	2,46,19,20,000	2,37,18,40,000	2,53,36,40,000
Excess of Exports over Imports, excluding Gold and Silver.	(c)—33,94,00,000	69,88,00,000	1,26,19,20,000	1,46,87,90,000
Net Imports of Gold	†—2,86,40,000	41,19,10,000	29,18,70,000	73,02,60,000
Net Imports of Silver	15,09,60,000	18,35,40,000	18,69,80,000	20,07,40 000
TOTAL NET IMPORTS OF GOLD AND SILVER.	12,23,20,000	59,54,50,000	47,88,50,000	94,00,00,000
Excess of Exports over Imports including Gold and Silver.	(c)—46,17,20,000	10,33,50,000	78,30,70,000	52,87,90,000
Net Imports of Currency Notes*	..	1,01,70,000	1,64,60,000	3,00,000
Excess of Exports over Imports including Gold, Silver and Currency Notes.	(c)—46,17,20,000	9,31,80,000	76,66,10,000	52,84,90,000
Council Bills and Purchase of sterling. (a)	..	2,640,026	21,838,705	40,770,162
Rupee Equivalent thereof	..	3,84,77,840	31,45,48,173	55,38,97,524
Silver coined at the Indian Mints	1,60,86,638	62,75,446	50,00,791	33,25,394

*Recorded from

†Represents net

(a) Includes remittances of the

(b) Figures for 11 months

(c) Net

(d) Net

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FINANCIAL STATISTICS.

1925-26.	1926-27.	1927-28.	1928-29.	1929-30 Revised.	1930-31 Budget.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,31,18,187	..	..	..	35,00,000	86,00,000
..	..	..	31,54,002	..	..
19,23,53,255	27,22,07,907	32,48,48,928	25,36,12,112	24,22,43,000	16,76,01,000
3,42,73,830	..	..	3,99,30,676	7,00,67,000	..
2,23,54,139	32,59,130	46,87,947	53,33,185	52,13,000	68,71,000
..	..	..	..	..	..
81,16,371	48,36,320	19,28,440	24,47,840	34,73,000	34,65,000
99,06,184	61,63,117	46,57,732	36,64,623	67,74,000	51,84,000
..	28,85,222	44,26,219	36,09,034	35,24,000	33,59,000
..	8,66,401	12,94,577	3,37,014	1,58,000	1,88,000
..	..	20,74,500	..	..	2,05,22,000
—4,03,60,226	—4,86,84,295	+2,44,27,984	+31,64,15,740	+43,16,43,000	+66,00,000
3,36,81,20,000	3,11,05,00,000	3,30,26,40,000	3,39,15,10,000	(b)2,90,76,80,000	
2,36,00,10,000	2,40,81,80,000	2,61,52,40,000	2,63,39,80,000	(b)2,28,12,60,000	
1,50,81,10,000	70,23,20,000	68,74,00,000	75,75,30,000	(b)62 64,20,000	
34,85,50,000	19,40,00,000	18,10,00,000	21,20,00,000	(b)13,27,60,000	
17,12,40,000	19,36,80,000	13,83,60,000	9,77,00,000	(b)7,72,70,000	
51,97,90,000	39,26,80,000	31,93,60,000	30,97,00,000	(b)21,00,30,000	
98,83,20,000	30,96,40,000	36,80,40,000	44,78,30,000	(b)41,63,90,000	
(d)—33,00,000	5,20,000	(d)—17,70,000	(d)—2,90,000	(d)—17,20,000	
99,16,20,000	30,91,20,000	36,98,10,000	44,81,20,000	(b)41,81,10,000	
46,316,500	2,115,000	28,825,000	30,810,000	19,050,000	31,800,000
61,23,87,682	2,81,70,083	37,77,30,264	41,02,18,228	25,40,00,000	42,40,00,000
30,73,478	50,49,436	10,25,926	52,66,573	(b) ..	

April 1922.
exports of gold.
Currency Department.
(April to February).
imports.
exports.

COMMERCIAL AND

	1921-22.	1922-23.	1923-24.	1924-25.
Maximum price in pence of an oz. troy standard Silver in London.	43⅛ (27th Sept.).	37⅛ (22nd May).	34 1/16 (3rd and 5th Jan., 13th and 14th Feb.).	36 1/16(9th Oct.).
Minimum price in pence of an oz. troy standard Silver in London.	32½ (28th Feb. & 2nd Mar.).	30⅛ (15th Dec.).	30 11/16 (13th July).	31¼ (29th Dec.).
Average Exchange per rupee upon Secretary of State's Bills sold and sterling purchased.	..	1s. 4·448d.	1s. 4·534d.	1s. 6·028d.
Average of the daily telegraphic transfer rates from Calcutta on London.	1s. 3·85d.	1s. 3·76d.	1s. 4·46d.	1s. 5·51d.
Rate of Exchange for the adjustment of transactions between the Indian and Imperial Governments.	1s. 3½d., 1s., 3½d., 1s. 3⅝d., 1s. 4d., 1s. 4⅛d., 1s. 5d., and 1s. 5½d.	1s. 3½d., 1s. 3⅝d., 2s. 3⅛d., 1s. 4d., and 1s. 4½d.	1s. 4d., 1s. 4⅛d., 1s. 4⅜d., 1s. 5d., and 1s. 5⅛d.	1s. 4⅛d., 1s. 5d., 1s. 5⅛d., 1s. 5⅜d. and 1s. 6d.
Maximum rate of discount on loans on demand at the Imperial Bank of India.	8 (16th Feb. to 31st Mar.).	8 (1st to 26th Apr. and from 11th Jan. to 31st Mar).	9 (14th Feb. to 31st Mar).	9 (1st to 9th Apr).
Minimum rate of discount on Loans on demand at the Imperial Bank of India.	5 (2nd June to 14th Dec.).	4 (6th July to 25th Oct.).	4 (28th June to 14th Nov.).	4 (31st July to 20th Aug.).
Maximum rate of discount at the Bank of England.	7 (1st Apr. to 1st Mar.).	4½ (1st to 12th Apr.).	4 (5th July to 31st Mar.).	5 (5th to 31st Mar.).
Minimum rate of discount at the Bank of England.	4½ (16th Feb. to 31st Mar.).	3 (13th July to 31st Mar.).	3 (1st Apr. to 4th July).	4 (1st Apr. to 4th Mar.).
Maximum Government balance at the Imperial Bank of India. Rs.	25,87,46,000 (31st July).	33,19,07,000 (28th July).	29,74,54,000 (20th July).	32,18,07,000 (31st July).
Minimum Government balance at the Imperial Bank of India. Rs.	5,34,64,000 (18th Nov.).	8,22,54,000 (10th Nov.).	6,22,69,000 (6th Nov.).	7,42,62,000 (31st Dec).
Maximum price in Calcutta of 5 per cent. War loan, 1929-47.	87	88—8	93—10	94—14
Minimum price in Calcutta of 5 per cent. War Loan, 1929-47.	78	81—8	87—12	92—14
Maximum price in Calcutta of 5 per cent. Income-tax free loan, 1945-55.	89	93—8	98—14	99—8
Minimum price in Calcutta of 5 per cent. Income-tax free loan, 1945-55.	80	87	93—2	97
Maximum price in Calcutta of Government 3½ per cent. Rupee Securities.	62 (30th & 31st May).	61—4 (22nd and 23rd Mar.).	63—8 (8th Ma.)	68—6 (10th July).
Minimum price in Calcutta of Government 3½ per cent. Rupee Securities.	55-8 (from 11th Mar.).	55—8 (1st to 17th Apr.).	61 (3rd to 5th Apr.).	63—4 (18th Sept.).
Maximum price in Calcutta of 3 per cent. Rupee Securities.	53 (31st May and 1st June).	52—8 (22nd and 23rd Mar.).	57—12 (8th Mar.).	58—10 (10th July)
Minimum price in Calcutta of 3 per cent. Rupee Securities.	47 (1st to 4th Apr.).	47—12 (1st to 18th Apr).	51—14 (3rd to 5th Apr.).	53—8 (18th Sept.)

FINANCIAL STATISTICS—*contd.*

1925-26.	1926-27.	1927-28.	1928-29.	1929-30 Revised.	1930-31 Budget.
33 7/16 (5th Sept.).	30⅝ (5th May).	27 (6th Dec.)	28¾ (21st May).	25 5/16 (2nd and 11th Apr.).	
30½ (19th and 22nd Mar.).	24⅛ (20th Oct).	24 5/16 (8th, 11th and 22nd Aug.).	25 5/16 (16th Feb).	18 5/16 (5th Mar.)	
1*s.* 6·15*d.*	1*s.* 6·02*d.*	1*s.* 5·997*d.*	1*s.* 6·02*d.*	1*s.* 5¾*d.*	
1*s.* 6·08*d.*	1*s.* 5·902*d.*	1*s.* 5·93*d.*	1*s.* 5·97*d*	1*s.* 5¾*d.*	
1*s.* 6*d.*, 1*s.* 6¼*d.*	1*s.* 5¾*d.*, 1*s.* 6*d.* and 1*s.* 6¼*d.*	1*s.* 6*d.*	1*s.* 6*d.*	1*s.* 6*d.*	
7 (1st Apr. to 20th May).	7 (10th Feb. to 31st Mar.).	7 (1st Apr. to 1st June, 22nd Dec to 31st Mar.).	8 (14th Feb. to 31st Mar.).	8 (1st to 10th Apr.).	
4 (3rd July to 27th Sept.).	4 (10th June to 31st Dec.).	4 (28th July to 7th Sept.).	5 (19th July to 14th Nov.).	5 (6th June to 9th Oct.)	
5 (1st Apr. to 4th Aug. and 3rd Dec. to 31st Mar.).	5 (throughout the year.)	5 (1st to 20th Apr.).	5½ (7th Feb. to 31st Mar.).	6½ (26th Sept. to 30th Oct.).	
4 (2nd Oct. to 2nd Dec.).	..	4½	4½ (1st Apr. to 6th Feb.).	3½ (from 20th Mar.).	
28,96,31,000 (29th May).	36,41,18,000 (30th July).	19,97,33,000 (1st Apr.).	17,20,73,000 (24th Aug.).	20,35,73,000 (28th June).	
4,29,57,000 (11th Dec.).	3,85,92,000 (17th Dec.).	3,05,09,000 (7th Oct.).	3,71,10,000 (6th Apr.).	5,88,61,000 (7th June.)	
97—4	102—6	101—11.	100—8.	99—4	
94—13	99—14	100—4.	99—2.	94—12	
101—7	110—4	108—13.	106—11.	103—12	
98—13	104—9	105—13.	103—4.	100	
73—8 (27th Mar.).	79—1 (15th Dec.).	79—5 (29th Apr.).	75—10 (21st and 22nd June).	72—5 (10th May).	
67—10 (5th May)	74—6 (1st Apr.).	74—6 (9th Dec.).	71—14 (27th Feb. and 1st Mar).	63—15 (19th Feb.)	
63—14 (25th Mar.).	67—14 (15th to 21st Dec.).	67—14 (29 Apr.).	64—12 (2nd to 5th Apr., 10th Apr. 14th to 25th June).	61—15 (10th May.)	
57—15 (15th to 18th May).	63—8 (1st and 6th Apr.).	63—14 8th Dec.).	60—13 (19th, to 21st Mar.).	54—13 (19th Feb.).	

COMMERCIAL AND

	1921-22.	1922-23.	1923-24.	1924-25.
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts Rs.	7,80,08,000 (Feb.)	10,50,48,000 (Nov.).	10,80,92,000 (Oct.).	10,20,98,000 (Apr.)
Minimum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts Rs.	6,36,30,000 (Apr.)	9,68,19,000 (May).	10,06,94,000 (Mar.).	9, 69, 36,000 (Mar.).
Maximum price in London of 3½ per cent. Rupee Securities in Gold £	42½	39	45	49½
Minimum price in London of 3½ per cent. Rupee Securities in Gold £	34½	34	39	45
Maximum price in London of India 3½ per cent. Stock.	63½	69⅜	72½	69⅜
Minimum price in London of India 3½ per cent. Stock.	55½	62½	61½	63
Maximum price in London of India 3 per cent. Stock.	55½	59½	62⅝	59½
Minimum price in London of India 3 per cent. Stock.	47½	53½	52½	54
Maximum price in London of India 2½ per cent. Stock.	46⅝	50½	52½	49½
Minimum price in London of India 2½ per cent. Stock.	39½	44½	44½	45
Maximum price in London of 5½ per cent. Stock.	94½	102½	105	103½
Minimum price in London of 5½ per cent. Stock.	89½	93½	99	100
Maximum price in London of 4½ per cent. Stock, 1950-55.	..	88½	93	89½
Minimum price in London of 4½ per cent. Stock, 1950-55.	..	83½	82½	85½
Maximum price in London of 4½ per cent. Stock, 1958-68.	..	..	..	..
Minimum price in London of 4½ per cent. Stock, 1958-68.	..	..	..	..
Maximum Government Paper Currency outstanding. Rs.	1,79,71,49,000 (Oct.)	1,82,26,25,000 (Aug.).	1,86,97,61,000 (Jan.).	1,84,19,40,000 (Mar.).
Minimum Government Paper Currency outstanding. Rs.	1,66,43,92,000 (Apr.).	1,71,05,62,000 (May.).	1,70,94,60,000 (May.).	1,71,26,07,000 (June).
Number of Post Office Savings Banks.	10,758	10,730	10,535	10,727
Number of accounts in Post Office Savings Banks.	1,958,324	2,043,502	2,089,314	2,164,478
Amount deposited in Savings Banks Rs.	22,26,24,825	23,19,98,761	24,78,83,170	25,63,94,907
Average of each deposit . Rs.	113·68	113·52	118·64	118·45
Net addition to deposits . Rs.	— 59,96,891	93,73,936	1,58,84,409	85,11,737

FINANCIAL STATISTICS—*concld.*

1925-26.	1926-27.	1927-28.	1928-29.	1929-30 Revised.	1930-31 Budget.
9,48,86,000 (Apr.)	8,59,21,000 (Oct.).	8,73,81,000 (Dec.).	9,08,98,000 (July)	8,71,22,000 (Apr).	
8,41,90,000 (Mar.).	8,19,29,000 (Sept.).	8,09,28,000 (Nov.).	8,23,92,000 (June).	8,43,78,000 (Jan.).	
54½	57½	58	56	53	
49½	54½	55½	52½	47	
69½	74½	73¾	72½	70	
63½	67½	68	66⅝	55½	
59½	63½	63⅝	62½	60	
54⅜	57½	59	56½	47	
49½	52½	52	52½	50½	
46⅜	48 7/16	49	48½	40½	
103	104	103½	103½	102	
99⅜	101	100⅜	100½	96	
91½	93⅞	94½	95 1/16	91⅜	
85⅞	88½	89⅛	89⅞	78	
..	..	..	95	91½	
..	..	..	87	77	
1,93,34,10,000 (Mar.).	2,01,09,29,000 (Sept.).	1,86,28,22,000 (Jan.)	1,92,47,31,000 (Feb.).	1,87,70,73,000 (June).	
1,73,23,07,000 (May).	1,80,03,24,000 (Feb.).	1,69,68,18,000 (June).	1,77,15,84,000 (June).	1,77,23,06,000 (Mar.).	
11,162	11,994	12,326	12,684		
2,317,390	2,518,142	2,606,071	2,020,832		
27,23,14,764	29,50,89,541	32,66,68,188	34,49,07,680		
117·50	117·19	125·34	170·67		
1,58,19,857	2,27,74,777	3,15,78,647	1,82,39,492		

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Return to an Address of the Honourable the House of Commons, dated 27th July, 1931; for,

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India Office,
28*th July*, 1931.

S. F. STEWART,
Under Secretary of State for India.

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GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

BUDGET FOR 1931-32.

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PART I.

Railway Budget.

Speech of the Railway Member

introducing the

Railway Budget for 1931-32

I rise to present to the House the Railway Budget for 1931-32. No important changes have been made in the papers which Honourable Members will shortly have in their hands, but with the approval of the Standing Finance Committee for Railways, we have made some small alterations, more particularly in the arrangement of the capital programmes of the railways, which will, I hope, be found to be improvements. Their sole object is to present the Budget in a more understandable form without unduly enlarging the mass of papers which Honourable Members are called upon to read. These changes are described in the proceedings of the Standing Finance Committee for Railways of the 21st January last (Vol. VIII, No. 1). Perhaps the most important is the addition to the Pink Books containing the programmes of individual railways of a column showing commitments for future years if the programmes are accepted by the Assembly. We have also adopted in the presentation of this Budget two alterations arising out of suggestions made this year in the Public Accounts Committee. We have now brought together under Demand No. 14 all the expenditure from revenue relating to strategic lines, and we have also provided under the "Capital" and "Depreciation Fund" heads small allotments for emergent expenditure, such as that incurred on the repair of flood damages, which unfortunately we have to incur in most years but the exact nature of which, or the line on which it will be incurred cannot of course be foreseen. Further, we have accepted a suggestion which was made by my Honourable friend, Sir Hugh Cocke, last year that we should add to the Budget papers a statement showing the details of the gain or loss in working the State Railways for a period of five years. This will now be found as an appendix to the Railway Board's Memorandum.

I should like to acknowledge here the great assistance I have received in the preparation of the Budget from the Members of the Railway Board, first and foremost, of course, from Mr. Parsons, the Financial Commissioner, on whom the main burden lies, and after him the Chief Commissioner, Mr. Russell and the Staff Member of the Board, Mr. Hayman. As always, their help has been cordially and ungrudingly given, and to me its value has been very great.

2. As there are many new Members in the House, I should like once again to make the request that, when notices of motions for reductions in the Demands are given, they should be accompanied by a brief indication of the questions which it is intended to raise. This has now become the usual practice, and I think that besides helping Government Members to supply the information needed for our discussions, it is generally recognised that it conduces to an orderly debate.

3. *Financial results of 1929-30.*—When the Budget, which I presented to the House last year, was prepared, our weekly earnings had shown an

upward tendency and we expected to close the year 1929-30 with a gain from commercial lines of just over 7 crores. Though this sum would not have been sufficient to cover the whole of the loss on the strategic lines *plus* the contribution to general revenues, we hoped that it would be possible to pay the full contribution without drawing more than Rs. 86 lakhs from the Reserve. But the improvement was short-lived, and in February and March last the effect of the world wide trade depression began to be reflected in our traffic earnings, while earning power was further impaired by the serious strike which broke out on the Great Indian Peninsula Railway. As a result we failed to reach our revised estimate of 106½ crores by 1¾ crores, and though our charges dropped by nearly half a crore, we had to withdraw over 2 crores from the Reserve.

4. *Revised estimate.*—Though the strike on the Great Indian Peninsula Railway ended in April, the trade depression has become more acute with the passage of the months, and the reflex effects of the civil disobedience movement have accentuated the decline in trade. We budgeted for total receipts from all sources of 109½ crores and total expenses, including interest and all other charges, of 103½ crores. We now expect that the total receipts will not exceed 96¾ crores, a reduction of 12¾ crores, while our total charges, though 1½ crores below the original estimate, are likely to amount to nearly 102 crores. As a result, we are faced with a loss of 5 crores 12 lakhs, in addition to which we have to find 5 crores 74 lakhs as a contribution to general revenues. It is, therefore, necessary for us to withdraw 10 crores 86 lakhs from the Reserve, instead of, as we hoped, adding 34 lakhs to it.

5. These figures can be presented in a slightly different form, which will perhaps make the position somewhat clearer. The surplus on the commercial lines, after providing for all charges except interest, is about 28 crores, whereas the interest debitable to the railways is a little over 31 crores. The deficit of nearly 11 crores therefore means this, that the earnings of the railways fell short of the amount necessary to provide for full interest charges by 3 crores, the loss on the strategic railways was 2¼ crores and the contribution to general revenues 5¾ crores. It has always been recognised that the loss on the strategic railways is a fair charge against general revenues rather than against the earnings of the commercial lines, and it is for this reason that, under the separation convention, the loss is deducted from the surplus on the commercial lines before arriving at the figure of the contribution payable. It was also recognised that we could not expect in bad years to be able to earn our full contribution to general revenues, and on this account the Reserve Fund was created out of the profits of the years of prosperity. In effect, therefore, the position is this, that looking at our commercial lines purely as a business proposition and ignoring for the moment the loss on strategic railways and the contribution, the loss on the commercial lines is only 3 crores. When the adverse circumstances of the current year are taken into account with the extreme depression in trade due to the fall in world prices and aggravated by all the circumstances connected with the civil disobedience movement, with which Members are well acquainted, unsatisfactory though the results are, I do not think they give ground for unmixed pessimism.

6. Before passing on to the Budget for the current year, I should like to explain that, if a comparison is made with the results of previous years, allowance must be made for a change in accounting procedure

which increases the expenditure under the head "Interest" to the extent of about one crore. Hitherto the interest on the loans raised since 1917 has been calculated at the nominal rate of interest at which Government borrowed during the period. This year account has also been taken of the discount at which some of the loans have been floated, and the expenses incurred in floating these loans. Unwelcome though the additional burden on the railways was, I felt that I could not contest the accuracy of the new method, since the cost at which Government borrows necessarily depends on the price at which the loans are issued.

7. Turning now to the details of our earnings and expenses, the total falling off, as compared with the actuals of 1929-30, is 8½ crores, of which about 3 crores comes under passenger and other coaching traffic earnings and 5½ crores under goods and other earnings. Given the conditions we have had to face, a falling off of this kind was inevitable. On the expenditure side, we expect a saving, as compared with 1929-30, of about a crore. This figure, however, does not do full justice to the efforts at economy which have been made, for the allocation to the Depreciation Fund has automatically risen by nearly half a crore while the amount deducted on account of worked lines accounts for a similar sum. On the expenditure side under the two main heads "Repairs and Maintenance" and "Operation", the reduction in gross working expenses amounts to about 235 lakhs. Of this sum, 84 lakhs is due to certain arrear adjustments with the Depreciation Fund, and the actual reduction of expenditure under these two heads is approximately 1½ crores. As usually happens, in a bad year the revenue fell off much faster than the expenditure could be reduced, and it will be necessary to carry on a vigorous economy campaign during coming months. I have preferred to make the comparison of the revised figures with the actuals of 1929-30, as our Budget for the current year has proved to be somewhat wide of the mark.

Budget Estimate for 1931-32.

8. Our Budget for next year assumes total receipts from all sources of 102½ crores and total charges of 101¼ crores, leaving us with a net gain from all lines of 1¼ crores. Our contribution to general revenues is 5 crores 36 lakhs, and to meet it we shall have to draw 4 crores 15 lakhs from the Reserve. Compared with the revised estimate, which shows a net loss of 512 lakhs, we expect an improvement of 6 crores 33 lakhs. Of this figure, 23 lakhs is expected to come from a reduction in the loss on strategic lines where we hope to get 12 lakhs more in receipts and reduce our expenditure by 13 lakhs, while the interest charges should not go up by more than 2 lakhs. Owing to the poor results of the current year, we shall have to pay away 40 lakhs less in surplus profits, and we hope by economical working to reduce our miscellaneous charges by 8 lakhs. The total of these three items—strategic lines, surplus profits and miscellaneous charges—is a betterment of 71 lakhs. Against this we shall have to pay 80 lakhs more in interest on commercial lines owing to the increase in the capital at charge, while owing to the depletion of our Reserve Fund balance we must expect to receive 16 lakhs less in interest on our balances. Our share next year of profits from subsidized companies and from branch lines in which we have invested, depends chiefly on the results of this year, and is likely to be down by 5 lakhs. Against the betterment of 71 lakhs we have therefore to set a deterioration of 101 lakhs in the other

items I have mentioned, which means that we have to cover a net deterioration of 30 lakhs, and in addition to obtain the additional 633 lakhs improvement mentioned, from the working results of commercial lines.

9. On the commercial lines we estimate the gross traffic receipts at 99½ crores against 93½ crores in our revised estimate, an improvement of about 6 crores. We anticipate an increase of about 2 crores from minor alterations in rates and fares, and for the rest, the estimate assumes that the latter part of next year will show some improvement in traffic. To make up the balance of 73 lakhs required if we are to obtain an improvement of 663 lakhs in the working results of the commercial lines, we have to look to a further reduction in working expenses. Actually, however, the reduction needed amounts to 194 lakhs, for the allocation to the Depreciation Fund goes up automatically by 37 lakhs, and the fortuitous credit of 84 lakhs to revenue from that fund in the current year will not be repeated. This reduction of Rs. 194 lakhs will have to be achieved notwithstanding the fact that we hope to handle more traffic in the cold weather of 1931-32 than we did this year, and notwithstanding the additional expenditure involved by the bringing into force of the hours of work conventions, the additional mileage to be opened and the recent increases in the wages of the lower-paid employees. The savings we anticipate fall under three heads:

(i) Rs. 30 lakhs by reduction of establishments and contingent charges coming under the head of Administration;

(ii) Rs. 157 lakhs by measures to reduce the cost of repairing and maintaining track and buildings and their equipment; and

(iii) Rs. 2 lakhs only under Operation, where we have to provide 25 lakhs more for fuel. We are also expecting a larger payment by Rs. 5 lakhs from Companies and Indian States whose lines we work for them.

10. The figures I have given can again be presented in another form. We expect a surplus on the commercial lines of about 35¼ crores, which exceeds by 3¼ crores the interest debitable to the railways. Of the latter sum about 2 crores are required to meet the loss on the strategic railways, and there is a balance of 1¼ crores left towards the contribution. We have therefore to draw upon the reserves to the extent of 4 crores in order to pay the contribution. If this estimate proves to be correct, the railways will be perfectly solvent, but will be unable to earn more than a small part of what they are expected to contribute in relief of the general tax-payer.

11. At this point it may be natural to enquire whether there is a reasonable prospect of attaining these results. So far as the reduction in expenditure is concerned, I am confident that, with the good will of all concerned and the strenuous efforts to effect economy which I know are being made on all railways, we should be able to reduce our expenditure to the extent contemplated. On the revenue side, the issue is of course much more uncertain. At the best of times the forecast of the earnings of the coming year is largely guess work, and under the abnormal conditions existing today the difficulty of making an estimate is very greatly increased. Almost everything of course depends upon whether the latter part of the coming year may see some lightening of the trade depression. Railway traffic figures are always a most sensitive barometer of the fluctuations in trade and the effect on railway revenues of any increased movement of goods and passengers would be immediate. It was only

after a most careful consideration that I accepted the budget estimate of next year's earnings, but I think that, without being unduly optimistic, we may reasonably hope that next year's figures will show some improvement on the results of the current year. There is, however, one essential condition to be satisfied if our hopes are to be fulfilled. The restoration of peace in the country and the abandonment of methods of agitation which directly hamper and reduce trade are indispensable, if any real improvement is to take place. Granted these conditions, I have no doubt that some improvement may be looked for, since the effect of the civil disobedience movement has been to restrict temporarily the demand for a number of commodities and at the same time to create an accumulated demand which will claim satisfaction as soon as the barriers in the trade channels are removed.

12. The financial situation of the railways being such as I have attempted to describe, it is of course obvious that the most urgent duty of all concerned in their administration is to promote economy and bring about a reduction in working costs. To a limited extent savings occur automatically, because if fewer trains are run, less coal is burnt and a reduction in the operating staff becomes possible. Much more than this, however, is needed, and for some time past the Railway Board have been actively engaged in impressing on the Agents the necessity of reducing expenditure to the utmost extent possible. On page 9 of the Railway Board's Memorandum Honourable Members will find an indication of the directions in which it is hoped that costs can be brought down, as for example, the reduction of redundant establishments, the restriction of contingent charges to what is absolutely necessary and the cutting down of the standard of repairs and maintenance to the utmost extent possible, subject always to the proviso that, where safety is in question, no risks can be taken and the track and rolling stock must be maintained to the extent necessary to protect the public. We feel that at this juncture our primary duty is to stop up the hundreds of loopholes through which money is apt to leak away in times of prosperity, and we hope that the reduction in expenditure will come not from half a dozen large items, but from an immense accumulation of small items, the aggregate of which may be very substantial. This is an aspect of the case to which I specially desire to invite the attention of the House. I do not know whether Honourable Members share the difficulty I sometimes feel, when I read official reports and announcements, in translating into concrete terms the somewhat abstract phrases in which we are apt to deliver ourselves. Perhaps I can best explain what we are aiming at by giving two illustrations, not from the Railway Department at all, but from what came under my personal observation nearly a quarter of a century ago, when I had a good deal to do with the Telegraph Department. I hope my Honourable colleague Sir Joseph Bhore will pardon me for trespassing upon his province, but as the incidents took place so long ago I do not think I shall be in danger of hurting anyone's feelings.

13. About the year 1907, in order to improve the efficiency of the Telegraph Department, Mr. Newlands, a traffic expert from the British Post Office was invited to come to India, where he remained for more than a year, and as I can testify, did an extraordinary amount of valuable work in quickening up the whole telegraphic system. I was then Under Secretary in the Commerce and Industries Department, and was constantly in touch with what was going on. One of the matters which occupied

Mr. Newlands' mind was the possibility of reducing the number of letters which had to be signalled with every message as an official preamble. He spoke to me on the matter several times, and I gathered that what he hoped to do was to reduce the number of letters so signalled from 7 to 5. I ventured to suggest that this seemed a very small detail, and his immediate reply was that, though the operation might be very small, if it had to be repeated twenty million times a year, the total was not small either in time or in money. I have not the least doubt that there is a great field for economy of this kind in the railways. If a steady and constant effort is maintained to reduce to a minimum the operations which have to be done by hundreds or thousands of people every day throughout the country, much money can be saved.

14. The second incident was this. In those days in the Central Telegraph Office in Calcutta the booking counters were on the ground floor and the operating room on an upper floor, and the messages booked were sent upstairs by means of a pneumatic tube. At the foot of the tube there was a clerk with a register in which he entered the serial number of the telegram, the number given to it by the booking clerk, the date and hour of despatch, the name of the sender, the name of the addressee, the number of words in the telegram, the amount charged and some five or six other particulars. At the top of the tube in the operating room was a second clerk with an identical register in which he entered the same particulars over again. Mr. Newlands was inspecting the Calcutta Office and noticed what was going on. After reflecting for a moment or two he said, 'I should like to ask a question. Why do you not cut the tube half-way up and have a third clerk with a register there? Then you will have three registers instead of two'. Here the point was that the duplication of the registers was totally unnecessary, and in the Madras Office at that time exactly the same thing was going on, only there it was still more absurd, because the telegrams were passed from the booking counter to the operating room through a hutch in the wall, and the two clerks with their registers were within three feet of each other.

15. This duplication of registers and other parts of the official procedure is a danger against which it is constantly necessary to guard and I shall be very much surprised if the enquiries which are now proceeding do not disclose many opportunities for reducing work. In order to let the House see that the Railway Board are fully conscious of this danger and are determined to do all in their power to avert it, I think the House will be interested to know that Mr. Parsons and Mr. Hayman personally examined the system in force in the Office of the Divisional Superintendent at Delhi, and found it possible to effect a reduction in the establishment by eliminating exactly this sort of duplication. The results of their enquiries will be communicated to the Offices of all Divisional Superintendents, and the improvement effected will therefore not be for one office only but for a large number. Instructions have also been issued to Agents that, as soon as in any branch it has been found possible to effect an economy by reducing work, the result is to be communicated to all other Railway Administrations throughout the country. In this way it should be possible to multiply the effect of any saving.

16. I have laid stress on these examples, trivial though they may seem, because I believe that this method of securing economy is of first class importance and that our first and most urgent duty is to stop the leaks

in the ship which endanger her safety, and for the next few months I should like to see the energies of the whole staff of the railways from the Agents downwards concentrated on this vitally important task. It is indeed one of the advantages of a period of depression that the necessity for economy is imperiously enforced upon all concerned, and they have to set their wits to work to cut their coat according to their cloth. The method we are adopting to bring home to railway officers the position which has to be faced is that of rationing. The Railway Board do not propose to distribute to Agents the full sums provided in the Budget, but something less, and no further allotment will be made until conclusive reasons have been given. Agents will treat their heads of departments and the heads of departments their subordinates in exactly the same way. It should be possible, I believe, to effect in the course of a few months very substantial savings indeed.

17. At this point, Honourable Members may ask "Will these efforts at economy bring about the desired result in restoring solvency to the railways, and in any case, assuming that they did not or assuming that there was a further decline in earnings, would you leave the matter there? By March 1932 the Reserve Fund will have been reduced to negligible proportions and the railways will be operating on a very narrow margin. In these circumstances are not more drastic remedies called for?" These are most pertinent questions, and I will endeavour to reply to them as far as I can. My first answer is that in the contingency contemplated, it might well be necessary to carry the economy campaign a step further. It might be advisable, for example, to examine the possibility of more drastic and far-reaching economies than any we have yet contemplated, but any Committee appointed for this purpose would have to consist mainly, if not entirely of experts, because when we are dealing with a Department which is largely technical, it is only those who understand the whole position and appreciate exactly what has to be done and why it has to be done, who can deal with the question efficiently and expeditiously.

18. What has been said in the last paragraph brings me to a crucial point. When in the case of a commercial Department like the railways there is a wide gulf between earnings and expenditure, three questions naturally suggest themselves. Is it possible in the altered circumstances to restore solvency by a reduction in the scale of wages and salaries or by an increase in rates and fares or by a reduction in the taxation imposed on the undertaking? The last point may be briefly dismissed for the moment. Undoubtedly, if the fall in the general level of world prices proves to be permanent, the question whether the railways can continue to contribute towards general revenues on the scale on which they have been contributing for the last 7 or 8 years will have to be reviewed as well as a great many other questions, but it does not immediately arise in connection with this budget. The other two points are of greater importance and require somewhat fuller examination.

19. The question of the possibility of a reduction in the scale of wages and salaries on the railways has already been mooted in more than one quarter, and it is necessary to state clearly the view which Government take. Hitherto the complaint has been that the scale of wages, so far at any rate as the lowest class of railway employés are concerned, was inadequate and that measures were necessary to bring about an improvement. Two years ago in introducing the Railway Budget, I stated that Govern-

ment would approach the question with a desire to ascertain what was the most that could be done for the lower paid employés without injustice to other interests which Government were equally bound to safeguard. In pursuance of that statement, an immense amount of work has been devoted during the last two years to reviewing the scales of wages in force on almost the State-owned railways in India, and in preparing schemes in order to ameliorate conditions. The ultimate cost of the schemes for the revision of wages already sanctioned is about Rs. 32 lakhs per annum, and the bulk of the railway servants covered by these schemes draw pay not exceeding Rs. 30 per mensem. The first point I want to make here is this. In so far as we are dealing with this class of establishment and having regard to all that has passed in the last two or three years. I think that this House should be slow in arriving at the conclusion that any reduction in wages and salaries is feasible. Unquestionably these low paid servants of the railways must have gained substantially by the fall in prices, but before any question can arise as to a reduction in the scales of pay recently fixed, it should be shown that the new level of prices is likely to be permanent, and that having regard to all the considerations involved, the existing scales are excessive.

20. The second point I wish to make is this. I have endeavoured to ascertain the cost of the various classes of railway establishment, and while I must warn the House that the figures are only approximate so far as the subordinate establishments are concerned, certain facts emerge clearly. If we exclude the large class of railway servants who draw less than Rs. 30 a month, the cost of the remaining establishments is about 25 crores a year so that a ten per cent. cut in wages and salaries would mean a saving of 2½ crores. Out of the total, the salaries of gazetted officers amount to only 2 crores a year and a ten per cent. cut would give us only Rs. 20 lakhs. I have not been able to ascertain with accuracy the cost of the upper subordinate establishment, that is, of subordinates drawing Rs. 250 a month and over or on scales of pay rising to Rs. 250 a month and over, but probably Rs. 7 crores a year is an outside figure and the amount may actually be a good deal less. A ten per cent. cut in salaries applicable only to the gazetted and upper subordinate establishments would yield therefore a sum substantially less than Rs. 1 crore a year. It will be obvious from these figures that if a really substantial saving in expenditure is to be effected, the reduction will have to go right down the scale excluding only the lowest paid establishments of all who seldom draw more than Rs. 30 a month. It may be that this question will have to be faced and a reduction effected in order that the railways may become fully solvent and able to contribute to the extent the Legislature may consider proper to the general expenses of Government. But I think it is clear that when we are dealing with large bodies of Government servants on comparatively low rates of pay—and it must be remembered that the average wage of all the railway servants in India does not exceed Rs. 45 a month—it would be unfair to single out this Department alone for special treatment, and that if a reduction is finally found to be necessary, it should be general and applicable to all Departments of Government.

21. I turn now to the question of rates and fares. The question whether a deficit in the Railway Budget could be rectified by a general increase in rates and fares has been fully considered, and a number of minor

alterations—all of them I think within the powers of the Agents—have already been made and will be brought into force. As I have said in an earlier passage in my speech, we hope to get about Rs. 2 crores in the coming year from these increases, but our examination of the question has made it evident that so long as the acute stage of the world trade depression persists, it is exceedingly doubtful whether a general increase in rates and fares would in fact lead to an increase in earnings. Perhaps I can best illustrate this from a consideration of the passenger fares.

22. I find that during the last three years the third class passenger fares amount to very nearly 88 per cent. of the gross earnings from passenger traffic and in the three upper classes to little more than 12 per cent. I find further that between 1927-28 and 1929-30 the earnings from passengers carried in the three upper classes fell by from 6 to 8 per cent., whereas the earnings from the third class passengers fell by only one per cent. The inference to be drawn is obvious, that as prosperity conditions began to pass away and the impending trade depression grew nearer, there was an immediate tendency for passengers to travel a class lower than they had hitherto been accustomed to. That is to say, some of the first class passengers travelled second class, some of the second class passengers in intermediate class and some of the intermediate class passengers in the third class. If therefore the Government of India were now to increase the fares of three upper classes, I am afraid the only result would be to accentuate the tendencies which had disclosed themselves even in 1929-30, and which, from all I can hear, have been even more prominent during the current year, with the result that the fares indeed might be higher but the earnings much the same, if not lower. It follows that, if it were considered necessary to increase passenger fares, the increase would have to be general and applicable to the third class passengers. I do not say that it may not become necessary to face a general increase in third class fares, but before any decision is reached, two questions would require very close examination, namely, the limit imposed by the competition of the motor buses and the effect that the increase in fares might have on the total number of passengers travelling. What the railways are suffering from at present is a reduction in the total number of passengers, and it is very far from certain whether, until things begin to improve, railway receipts can in fact be increased appreciably by raising third class fares.

23. What I have said applies also to any general increases in the freight on goods. Here the considerations to be borne in mind are more complicated, but substantially the position is not very different. At a time when the purchasing power of the cultivator is narrowly restricted, even small increases in rates might have adverse effects on traffic and the gain to railway revenues from the increase might prove to be illusory. Our present conclusion is that while we shall be ready to make such increases in rates and fares as may prove to be practically feasible and likely to increase our earnings, it is not in this direction we can look for the means of bridging the gulf between the railway earnings and railway expenditure of all kinds.

24. It is not only from the point of view of obtaining a larger revenue that railway freight rates have come under review during the last few months. The general fall in world prices of agricultural produce has had a most serious effect on the position of the cultivating classes in India, and notwithstanding the very grave position of the railway finances we have

had to consider whether it was possible to reduce the railway freight on agricultural products. The products which have been specially examined are rice, wheat, oilseeds and cotton, and of these the first two may be dismissed briefly. About three months ago a reduction of nearly one-third was made in the railway freight on wheat to Karachi and as this route is the cheapest route from the Punjab Canal Colonies to Bombay, the reduction affected that centre also. Recently by arrangement with the Punjab Government a similar reduction has been made in the freight on wheat to Calcutta. Meanwhile, however, there has been a change in the relative level of prices, Indian wheat in the Punjab now stands at a price well above export parity, and so long as this condition of affairs exists, no reduction of railway freights which is practically feasible can lead to the export of wheat from India. As for rice, this is mainly a Burma problem, and the report which was called for from the Agent of the Burma Railways is now under examination.

25. So far as oilseeds are concerned, the case stands thus. The ground-nut crop which is grown mainly in the South of India is moving freely to the ports at the existing level of freights, and I may point out that on the Madras and Southern Mahratta and South Indian Railways the maximum lead to the ports does not exceed 350 miles, so that the railway freight is not likely to prove so burdensome as it may do when agricultural produce has to be brought to a port from a distance of 600 to 900 miles in Northern India. As to the other classes of oilseeds, the position appears to be this, that the Indian price in several cases is well above export parity and that a reduction in railway freight would make no difference. No more traffic would be moved and the price received by the cultivator would not be higher. It is very significant, I think, that no application has been received from the trade for a reduction in the railway freight on oilseeds, and all the information we have been able to obtain from those engaged in the export trade points to the conclusion that a reduction in railway freight at the present juncture would be ineffective. The position can perhaps be best illustrated by taking the case of cotton seed. Some three months ago the Agents of the two great railways leading into Bombay drew attention to the fact that cotton seed would not move at the level of freights then existing, and obtained the approval of the Railway Board to a substantial reduction in freight. For a few weeks this measure proved successful and the traffic increased, but recently there has been a further fall in world prices and the traffic has dropped back to its former level. So far as oilseeds are concerned, the Government of India have come definitely to the conclusion that at the moment there is nothing to be done, but that the position requires to be kept under constant observation, because the level of prices might so change that a reduction in freight would be beneficial both to the cultivator and to the railways.

26. The desirability of a reduction in freight has been more insistently pressed in the case of cotton than perhaps in the case of any other agricultural commodity, and the Government of India have given the question their most anxious consideration. The financial circumstances of the railways are such that so long as the cotton crop is moving freely at existing rates, they felt that a freight reduction could not be faced. In addition, they felt strongly that if a reduction was to be made at all, it should be made at the time when it was likely to prove of direct benefit to the cultivator, and also that before any final decision was taken, it was desirable to see how the traffic earnings were likely to shape in the

coming season. The position will therefore be reviewed in about six months' time, and meanwhile developments will be closely watched. But I should like to make it plain that this decision of Government does not imply any lack of consideration for the interests of the cultivator, or any failure to appreciate the broader aspects of the case which the railways, even when considered as a strictly commercial concern, ought to keep in view. A permanent reduction in the area under cotton in India, while undoubtedly injurious to the ryot, would affect the railways prejudicially in two ways, first because the cotton traffic itself would diminish, and second because food crops would probably be grown in the areas taken out of cotton with a consequent reduction in the railway traffic in food grains transported to these areas. This is an aspect of the case which will constantly be borne in mind. The Government of India are satisfied, however, that no reduction in cotton freight which could be made now would be likely to be of direct benefit to the cultivator.

27. What has been said in the foregoing paragraphs on the subject of rates and fares leads me to revert to a point which was only lightly touched on at an earlier stage. It will be that our railway services, like other branches of Government, may have to adjust themselves permanently to a lower level of prices. In that case, sooner or later the question will have to be faced how the adjustment is to be made. The three factors which will mainly affect the decision will, I think, be (1) the extreme importance to the national life of cheap transport, and in particular low rates for agricultural produce, (2) the desirability of satisfying the equitable claims of the great body of railway servants in India, and (3) the scale of contribution which, under the altered conditions, the railways can fairly be asked to make in aid of the general tax-payer. It is clear that each of these considerations will have to be balanced against the other two, and an attempt made to do justice to each of them. To attempt to deal with any one of them in isolation from the others could not lead to a satisfaction solution of our present difficulties.

28. It has been necessary, Mr. President, to deal at considerable length with the anxious problems of railway finance which emerge from the present trade depression, and the other aspects of railway administration, on which in introducing earlier Budgets I have dwelt at some length, can only be referred to briefly. There are three directions in which the ability of the railways to carry out desirable reforms and improvements has been sadly curtailed by the slump in trade and the reduction in railway earnings. One of them is the capital programme. Here all that can be said is that the programme has been cut to the bone and that nothing which is not absolutely essential has survived. We are unable to commence any new construction whatever, and can only carry on the works already in progress to completion. Of these the most important are the Sagaing bridge in Burma and the Raipur-Vizianagram Railway intended to open up a new outlet to the sea at Vizagapatam to a large area of the Central Provinces. Of the open line works now in progress or about to be undertaken, the most important are the doubling of the East Indian Railway from Cawnpore to Agra and the reconstruction of the Narbadda bridge which we have been compelled to undertake by considerations of safety. It is needless to say that this retardation of development work is a great disappointment, but conditions being what they are, there is no alternative.

29. The second direction in which desirable expenditure has had to be curtailed is the provision of greater amenities in all sorts of ways for third class passengers. At a time when all expenditure has to be severely restricted, it is impossible for the railways to provide services on the same scale as they are in a position to supply when times are prosperous, or to spend large sums in raising the standard of comfort. We can but hope that our present troubles are transitory, and that before long it will be possible to push on with the programme of improvements on which we were already engaged.

30. Finally, falling revenues mean slower progress in all the schemes which we hoped to undertake for the benefit of the railway staff and particularly for the lowest paid employés. This is inevitable, however regrettable, but while I am on this point I cannot close without paying a tribute to the indefatigable energy which during the last two years Mr. Hayman, the Staff Member of the Railway Board, has devoted to every question connected with the welfare of the staff and to the solution of a number of difficult staff problems which have arisen since the war and which could not be properly tackled until the headquarters organisation in the Railway Board was properly organised for the purpose. It is out of the question for me within any reasonable limit of time to describe in detail all that has been done, and indeed the bare enumeration of the various subjects which have come under examination might prolong my speech by twenty minutes or more. I can only refer here specially to the schemes which have been prepared and brought into force on most of the railways in India for improving the pay of the lowest paid employés, and the steps which have been taken to give effect to our obligations under the Geneva and Washington conventions regarding the hours of work of railway employés. Both these matters are now far advanced and Mr. Hayman and I will be ready during the budget discussions to give any additional information which Honourable Members may desire. Possibly also we may be able to circulate a memorandum so as to let the Honourable Members see that the numerous questions connected with the staff, to which attention is annually drawn in the discussion of the Railway Budget, have not been neglected or put on one side.

31. There are, however, two matters to which particular attention has been given, about which I should like to say a little more. One is the representation of Muslims in the railway service. Special enquiries have been made in three of the principal railways, and the Government of India have come to the conclusion that adequate steps have not yet been taken to give effect to the policy of Government and that further measures are necessary and must be introduced at a very early date. A memorandum on this point will be circulated. The other point to which I wish to refer is the question of Indianisation. I should like to bring to the notice of the House the fact that the percentage of officers of Indian domicile recruited for the State-managed railways during 1929-30 was 70·7 per cent. and when promotions from the Local Engineering and Traffic Service are taken into account, the percentage rises to over 75. I think this result is satisfactory. The position we have now reached is that except in the Transportation (Power) and Mechanical Engineering Departments, there is at present no difficulty in obtaining Indian recruits with the requisite qualifications. For these two branches special efforts have been made to obtain Indian recruits during the period before the scheme of apprenticeship instituted in 1926 comes to fruition. During the last two years applications

from Indians have been invited both in India and in the United Kingdom to fill vacancies in these branches in the hope that Indian candidates might be forthcoming in the open market who would be likely to develop into efficient officers. The qualifying standard was lowered and the age limit relaxed and in this way seven recruits were obtained last year, and we hope to obtain five this year. In some cases candidates who were not fully qualified were engaged on probation for one year in the belief that with further experience and training they would come up to the required standard. I have thought it worth while to mention this in order to make it plain that no effort has been lacking to carry out the declared policy of Government.

32. Mr. President, I fear I have addressed this House at somewhat excessive length and I must thank Honourable Members for the indulgence with which they have heard me. My only excuse is that today the financial circumstances of the railways are as anxious and difficult as they have been at any previous period, and it seemed part of my task to convince the House, if I could, that all the difficult problems would receive full and ample consideration. I will not delay the House further, Mr. President, but recommend the budget proposals to their consideration. (Applause.)

BUDGET

of the

Railway Revenue and Expenditure of the Governor-General in Council, as laid before the Indian Legislature 1931.

RAILWAY DEPARTMENT;
New Delhi, the 17th February 1931.

A. A. L. PARSONS,
Financial Commissioner of Railways.

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1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1929-30.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings :—						
Upper class . .	4,20,50,791	...	...	4,20,50,791	3,79,00,000	...
Third class . .	30,98,12,228	...	...	30,98,12,228	28,85,00,000	...
Other coaching traffic earnings.	5,68,69,083	...	...	5,68,69,083	5,21,00,000	...
Goods traffic earnings .	64,37,05,656	...	...	64,37,05,656	59,50,00,000	...
Sundry earnings . .	2,12,27,303	6,43,141	3,944	2,18,74,390	1,52,49,000	6,43,000
Total earnings .	1,07,36,65,063	6,43,141	3,944	1,07,43,12,148	98,87,49,000	6,43,000
Deduct—Refunds of Revenue collected.	*14,52,212*	...	...	*14,52,212*	*15,00,000*	...
Deduct—Earnings of worked lines.	*6,47,29,867*	...	...	*6,47,29,867*	*5,19,00,000*	...
Earnings of State Railways.	1,00,74,82,984	6,43,141	3,944	1,00,81,30,069	93,53,49,000	6,43,000
Suspense	30,16,886	...	...	30,16,886	...	...
Gross receipts of State Railways.	1,01,04,99,870	6,43,141	3,944	1,01,11,47,955	93,53,49,000	6,43,000
Deduct—Working expenses of State Railways.*	*65,56,07,079*	*52,75,284*	*27,762*	*66,09,10,125*	*64,59,75,000*	*52,60,000*
Surplus profits paid to Indian States and railway companies.	**1,51,97,708*	...	...	*1,51,97,708*	*1,15,00,000*	...
Net receipts . . .	33,96,95,083	—46,32,143	—23,818	33,50,39,122	27,78,74,000	—46,17,000
(b) Strategic lines—						
Gross receipts .	1,58,95,380	...	...	1,58,95,380	1,40,10,000	...
Deduct—Refunds of Revenue collected.	*14,080*	...	...	*14,080*	*10,000*	...
Working expenses . .	*2,08,82,341*	286	...	*2,08,82,627*	*2,17,00,000*	...
Net receipts . . .	—50,01,041	—286	...	—50,01,327	—77,00,000	...
Total net receipts, Commercial and Strategic lines.	33,46,94,042	—46,32,429	—23,818	33,00,37,795	27,01,74,000	—46,17,000
XII.—Subsidized Companies: Government share of surplus profits, etc.	12,37,361	46,01,616	31,761	58,70,738	17,52,000	3,44,000
III-A.—Miscellaneous Railway Receipts—						
(a) Commercial lines—						
Interest on Depreciation and Reserve Fund balances.	1,24,57,407	...	...	1,24,57,407	1,33,53,000	...
Dividend on investments in branch lines and other Miscellaneous Receipts.	21,46,398	...	...	21,46,398	18,00,000	...
(b) Strategic lines—						
Interest on Depreciation Fund balances.	3,08,604	...	...	3,08,604	5,19,000	...
Total receipts .	35,08,43,812	—30,813	7,943	35,08,20,942	28,75,98,000	—42,73,000
III-B.—Transfers from Railway Reserve Fund.	2,08,21,706	...	...	2,08,21,706	10,85,99,000	...
Total .	37,16,65,518	—30,813	7,943	37,16,42,648	39,61,97,000	—42,73,000

*For details see statement 1 (a).

Government from Railways in India and England.

1930-31.		Increase (+) Decrease (−) as compared with Budget, 1930-31.	Budget Estimate, 1931-32.				Increase (+) Decrease (−) as compared with Revised, 1930-31.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	3,79,00,000	−52,00,000	4,08,00,000	...	...	4,08,00,000	+29,00,000
...	28,85,00,000	−2,91,00,000	30,32,00,000	...	...	30,32,00,000	+1,47,00,000
...	5,21,00,000	−52,00,000	5,73,00,000	...	...	5,73,00,000	+52,00,000
...	59,50,00,000	−3,37,00,000	63,88,00,000	...	...	62,88,00,000	+3,38,00,000
8,000	1,59,00,000	−52,00,000	1,78,57,000	6,43,000	...	1,85,00,000	+26,00,000
8,000	98,94,00,000	−12,94,00,000	1,04,79,57,000	6,43,000	...	1,04,86,00,000	+5,92,00,000
...	*15,00,000*	*−2,50,000*	*15,00,000*	...	...	*15,00,000*	...
...	*5,19,00,000*	*−30,50,000*	*5,21,00,000*	...	...	*5,21,00,000*	*+2,00,000*
8,000	93,60,00,000	−12,51,00,000	99,43,57,000	6,43,000	...	99,50,00,000	+5,90,00,000
...	...	...	...	...	...	...	...
8,000	93,60,00,000	−12,51,00,000	99,43,57,000	6,43,000	...	99,50,00,000	+5,90,00,000
65,000	*65,13,00,000*	*−2,95,82,000*	*63,88,58,000*	*51,42,000*	...	*64,40,00,000*	*−73,00,000*
...	*1,15,00,000*	*−7,00,000*	*75,00,000*	...	...	*75,00,000*	*−40,00,000*
−57,000	27,32,00,000	−9,48,18,000	34,79,99,000	−44,99,000	...	34,35,00,000	+7,03,00,000
...	1,40,10,000	−24,00,000	1,50,10,000	...	...	1,50,10,000	+10,00,000
...	*10,000*	...	*10,000*	...	...	*10,000*	..
...	*2,17,00,000*	*+7,57,000*	*2,03,00,000*	...	...	*2,03,00,000*	*−14,00,000*
...	−77,00,000	−31,57,000	−53,00,000	...	...	−53,00,000	+24,00,000
−57,000	26,55,00,000	−9,79,75,000	34,26,99,000	−44,99,000	...	33,82,00,000	+7,27,00,000
4,000	21,00,000	+2,00,000	17,14,000	86,000	...	18,00,000	−3,00,000
...	1,33,53,000	−5,35,000	1,17,79,000	...	...	1,17,79,000	−15,74,000
...	18,00,000	+4,70,000	16,00,000	...	...	16,00,000	−2,00,000
...	5,19,000	+1,12,000	6,56,000	...	...	6,56,000	+1,37,000
−53,000	28,32,72,000	−9,77,28,000	35,54,48,000	−44,13,000	...	35,40,35,000	+7,07,63,000
...	10,85,99,000	+10,85,99,000	4,14,67,000	...	...	4,14,67,000	−6,71,32,000
−53,000	39,18,71,000	+1,08,71,000	39,99,15,000	−44,13,000	...	39,55,02,000	+36,31,000

1(*a*).—Statement of Working Expenses.

Heads of working expenses.	Accounts, 1929-30.				Revised Estimate	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration . . .	13,53,99,258	48,75,284	24,610	14,02,99,152	13,80,80,000	48,60,000
Repairs and maintenance .	17,78,63,869	...	...	17,78,63,869	15,95,00,000	...
Operation	25,35,15,633	4,00,000	3,152	25,39,18,785	24,85,95,000	4,00,000
Depreciation	12,17,95,122	...	...	12,17,95,122	12,63,00,000	...
Suspense	—15,099	...	...	—15,099	...	...
Total .	68,85,58,783	52,75,284	27,762	69,38,61,829	67,24,75,000	52,60,000
Deduct—Share of Worked Lines.	*3,29,51,704*	...	...	*3,29,51,704*	*2,65,00,000*	...
Working Expenses .	65,56,07,079	52,75,284	27,762	66,09,10,125	64,59,75,000	52,60,000

State Railways—Commercial Lines.

1930-31.		Increase (+) Decrease (—) as compared with Budget, 1930-31.	Budget Estimate, 1931-32.				Increase (+) Decrease (—) as compared with Revised, 1930-31.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
60,000	14,30,00,000	—2,00,000	13,52,58,000	47,42,000	...	14,00,00,000	—30,00,000
...	15,95,00,000	—1,35,75,000	15,22,00,000	...	...	15,22,00,000	—73,00,000
5,000	24,90,00,000	—1,52,60,000	24,84,00,000	4,00,000	...	24,88,00,000	—2,00,000
...	12,63,00,000	—13,57,000	13,00,00,000	...	...	13,00,00,000	+37,00,000
...	...	...	...	...	...	...	...
65,000	67,78,00,000	—3,09,92,000	66,58,58,000	51,42,000	...	67,10,00,000	—68,00,000
...	2,65,00,000	—14,10,000	2,70,00,000	...	...	2,70,00,000	+5,00,000
65,000	65,13,00,000	—2,95,82,000	63,88,58,000	51,42,000	...	64,40,00,000	—73,00,000

2.—Statement of the expenditure on Railways charged to

Heads of Expenditure.	Accounts, 1929-30.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
(a) Commercial lines—						
Interest—						
on Government capital at charge	16,91,39,381	10,69,68,236	7,94,731	27,69,02,348	18,78,94,000	10,99,24,000
on capital contributed by Indian States and Companies.	4,15,970	1,31,71,784	1,06,289	1,36,94,043	4,20,000	1,31,72,000
Total interest, commercial lines	16,95,55,351	12,01,40,020	9,01,020	29,05,96,391	18,83,14,000	12,30,96,000
(b) Strategic lines— Interest on capital at charge	1,40,09,273	...	...	1,40,09,273	1,46,75,000	...
Total interest	18,35,64,624	12,01,40,020	9,01,020	30,46,05,664	20,29,89,000	12,30,96,000
11. Subsidized Companies— Land and subsidy	4,39,199	...	...	4,39,199	6,50,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	39,53,123	13,97,927	10,908	53,61,958	42,35,000	19,65,000
Strategic lines	49,864	...	...	49,864	40,000	...
Payments to general revenues—						
Contribution*	6,11,85,963	...	...	6,11,85,963	5,73,57,000	...
One-third of the excess of railway surplus over three crores.	...	...	...	...	...	...
Total payment to general revenues	6,11,85,963	...	...	6,11,85,963	5,73,57,000	...
13A—Surplus Railway Revenue transferred to Railway Reserve Fund.	...	...	...	...	...	...
Total	24,91,92,773	12,15,37,947	9,11,928	37,16,42,648	26,52,71,000	12,50,61,000

* For details see Statement 2 (a).

the revenue of the Central Government in India and in England.

1930-31.		Increase (+) Decrease (—) as compared with Budget, 1930-31.	Budget Estimate, 1931-32.				
Exchange.	Total.		India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1930-31.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
13,52,000	29,91,70,000	+1,26,14,000	19,63,52,000	11,09,24,000	...	30,72,76,000	+81,06,000
1,62,000	1,37,54,000	+1,42,000	4,20,000	1,31,72,000	...	1,35,92,000	—1,62,000
15,14,000	31,29,24,000	+1,27,56,000	19,67,72,000	12,40,96,000	...	32,08,68,000	+79,44,000
...	1,46,75,000	+8,25,000	1,48,52,000	...	...	1,48,52,000	+1,77,000
15,14,000	32,75,99,000	+1,35,81,000	21,16,24,000	12,40,96,000	..	33,57,20,000	+81,21,000
...	6,50,000	+50,000	7,00,000	...	...	7,00,000	+50,000
25,000	62,25,000	+6,45,000	39,54,000	14,86,000	...	54,40,000	—7,85,000
...	40,000	—10,000	40,000	...	...	40,000	...
...	5,73,57,000	...	5,36,02,000	...	...	5,36,02,000	—37,55,000
...	...	...	...	...	...	...	...
...	5,73,57,000	...	5,36,02,000	...	...	5,36,02,000	—37,55,000
...	...	—33,95,000	...	...	...	...	...
15,39,000	39,18,71,000	+1,08,71,000	26,99,20,000	12,55,82,000	...	39,55,02,000	+36,31,000

2 (*a*).—Contribution from Railway to General Revenues, 1930-31.

(Based on actuals, 1928-29.)

	Rs.	Rs.
1. 1 per cent. on capital of 6,93,73,40,682 at charge, commercial lines	...	6,93,73,407
2. (i) Receipts—Commercial lines—		
Gross traffic receipts	1,02,67,09,084	
Subsidised Companies, share of surplus profits	38,84,026	
Interest on Depreciation and Reserve Fund balances	1,64,13,368	
Dividend on investments in branch lines and other miscellaneous receipts	11,57,253	
(ii) Charges—Commercial lines—		1,04,21,63,710
Working expenses	64,81,84,630	
Indian States and Railway Companies' share of surplus profits	1,59,14,166	
Interest—		
On capital at charge	26,40,71,970	
On capital contributed by Indian States and Companies	1,50,42,326	
Land and subsidy	2,91,370	
Miscellaneous railway expenditure	31,65,503	
Contribution at 1 per cent. on capital at charge	6,93,73,407	1,01,62,43,341
(iii) Surplus	...	2,59,20,369
(iv) Contribution of one-fifth of surplus	...	51,84,074
3. (i) Total contribution from railway revenues [1 *plus* 2 (iv)]	...	7,45,57,491
Deduct—Less on strategic lines borne by railway revenues—		
(*i*) Interest on capital	1,41,81,449	
(*ii*) Loss in working	30,18,701	
		1,72,00,149
(ii) Net payment due from railway to general revenues in 1930-31	...	5,73,57,342

2 (*a*).—Contribution from Railway to General Revenues, 1931-32.

(Based on actuals, 1929-30.)

		Rs.	Rs.
1.	1 per cent. on capital of 7,23,54,37,832 at charge, commercial lines	...	7,23,54,278
2.	(i) Receipts—Commercial Lines—		
	Gross traffic receipts	1,01,11,46,955	
	Subsidised Companies' share of surplus profits	58,70,738	
	Interest on Depreciation and Reserve Fund balances	1,24,57,407	
	Dividend on investments in branch lines and other miscellaneous receipts	21,46,398	
	(ii) Charges—Commercial Lines—		1,03,16,21,498
	Working expenses	66,09,10,125	
	Indian States and Railway Companies' share of surplus profits	1,51,07,708	
	Interest—		
	On capital at charge	27,69,02,348	
	On capital contributed by Indian States and Companies	1,36,94,043	
	Land and subsidy	4,39,199	
	Miscellaneous railway expenditure	53,61,958	
	Contribution at 1 per cent. on capital at charge	7,23,54,278	
			1,04,48,59,659
	(iii) Deficit		1,32,38,161
	(iv) Contribution of one-fifth of surplus		
3.	(i) Total contribution from railway revenues [1 *plus* 2 (iv)]		7,23,54,278
	Deduct—Loss on strategic lines borne by railway revenues—		
	(i) Interest on capital	1,40,09,273	
	(ii) Loss in working	47,42,587	
			1,87,51,860
	(ii) Net payment due from railway to general revenues in 1931-32	...	5,36,02,418

3.—Statement of receipts of the Central Government in India and England for State

Heads of Account.	Accounts, 1929-30.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XLI.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways . . .	2,43,676	...	...	2,43,676	...	..

Capital contributed by Railway Companies and Indian States towards outlay on Railways.

1930-31.		Increase (+) Decrease (—) as compared with Budget, 1930-31.	Budget Estimate, 1931-32.				Increase (+) Decrease (—) as compared with Revised, 1930-31.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	...	...	...	...	...	...	...

4.—Statement of the Capital Expenditure of the

Heads of Expenditure.	Accounts, 1929-30.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue :—						
53.—Construction of State Railways :—						
(*a*) Commercial Lines—						
Open Line Works—						
Rolling Stock . . .				5,48,44,000		
Other Works . . .				9,98,09,271		
New Construction . .				6,50,37,000		
Suspense				87,45,000		
Purchase of Railways and branch line shares . .				7,05,55,000		
Deduct—Probable Throw forward				...		
Total .	12,53,10,331	6,95,03,205	11,76,735	29,89,90,271	8,45,96,000	5,72,00,000
(*b*) Strategic Lines—						
Open Line Works—						
Rolling Stock . . .				4,84,000		
Other Works . . .				8,82,404		
New Construction . . .				14,77,000		
Total .	28,43,404	...	...	28,43,404	25,00,000	...
Total Commercial and Strategic Lines .	13,11,53,735	16,95,03,205	11,76,735	30,18,33,675	8,70,96,000	5,72,00,000
53-C.—Discharge of Debentures . .	...				...	...

Central Government in India and England on Railways.

1930-31.			Budget Estimate, 1931-32.				
Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1930-31.	India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1930-31.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	3,01,25,000	+6,00,000				2,88,40,000	—1,02,85,000
...	7,78,75,000	—1,00,00,000				7,50,60,000	—28,15,000
...	3,75,00,000	—1,25,00,000				2,89,00,000	—86,00,000
...	—1,21,00,000	—46,00,000				—2,00,00,000	—79,00,000
...	1,00,000	+1,00,000				...	—1,00,000
...	...	—39,00,000	...	...	...	...	...
7,04,000	14,25,00,000	—2,25,00,000	8,03,00,000	3,25,00,000	...	11,28,00,000	—2,97,00,000
...	10,00,000	+1,25,000				4,25,000	—5,75,000
...	14,50,000	—35,000				11,61,000	—2,89,000
...	50,000	—90,000				1,14,000	+64,000
...	25,00,000	...	17,00,000	...	...	17,00,000	—8,00,000
7,04,000	14,50,00,000	—2,25,00,000	8,20,00,000	3,25,00,000	...	11,45,00,000	—3,05,00,000
...	...	...	...	...	...	...	

A.—Railway Depreciation Fund.

	Accounts, 1929-30.	Budget Estimate, 1930-31.	Revised Estimate, 1930-1.	Budget Estimate, 1931-32.		Accounts, 1929-30.	Budget Estimate, 1930-31.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	11,40,96,631	12,50,96,631	12,24,20,420	16,29,20,420	Appropriation from Depreciation Fund.	11,76,78,314	8,50,00,000	9,00,00,000	8,25,00,000
Appropriation to Depreciation Fund.	12,59,42,103	13,25,00,000	13,05,00,000	13,43,00,000	Closing balance.	12,24,20,420	17,25,96,631	16,29,20,420	21,47,20,420
TOTAL .	24,00,38,734	25,75,96,631	25,29,20,420	29,72,20,420	TOTAL .	24,00,38,734	25,75,96,631	25,29,20,420	29,72,20,420

B.—Railway Reserve Fund.

	Accounts, 1929-30.	Budget Estimate, 1930-31.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.		Accounts, 1929-30.	Budget Estimate, 1930-31.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	18,42,43,980	17,56,13,980	16,34,22,274	5,48,23,274	Appropriation from Reserve Fund.	2,08,21,706	...	10,85,99,000	4,14,67,000
Appropriation to Reserve Fund.	...	33,95,000	...	...	Closing Balance.	16,34,22,274	17,90,08,980	5,48,23,274	1,33,56,274
TOTAL	18,42,43,980	17,90,08,980	16,34,22,274	5,48,23,274	TOTAL	18,42,43,980	17,90,08,980	16,34,22,274	5,48,23,274

Speech by the Hon'ble Mr. T. G. Russell, Chief Commissioner of Railways, in presenting the Railway Budget for 1931-32 in the Council of State.

Sir,

I have the honour to present a statement of the estimated revenue and expenditure of the Governor General in Council for the year 1931-32 in respect of Railways. A Railway Budget, like any other budget, must of necessity be mainly composed of figures, the quotation of which *en masse* is not only wearisome to the speaker but even more so to the listener. I propose, therefore, as far as possible only to give the essential figures and leave Honourable Members to examine the figures in detail from the Budget Memorandum which will be placed in their hands at the conclusion of my speech.

2. I need only refer briefly to the results of 1929-30—these are already generally known. I confess that when I presented the budget estimate last year I was more optimistic than events proved to have been justified. Our weekly earnings had just shown indications of improving and I anticipated that we should have a net gain of 526 lakhs from all lines, commercial and strategic, and that to meet our contribution to general revenues it would be necessary to withdraw only 86 lakhs from our reserves. But the spirit was short-lived and instead of this our net gain was only 404 lakhs which entailed a withdrawal of 208 lakhs from our reserves, reducing them to 16,34 lakhs. The main reasons for our revenues failing to come up to expectations were the world trade depression and the strike on the Great Indian Peninsula Railway. The position of our depreciation fund is, however, more cheerful, and as a result of our transactions we were able to increase this from 11½ crores to approximately 12¼ crores.

3. Next we come to the current year. When last year at this time we framed our estimate of receipts—as we then thought on a conservative basis—we expected to have a net gain of 608 lakhs which would have sufficed to pay the fixed contribution of 574 lakhs to general revenues and give us a small surplus of 34 lakhs to place to our reserves. We were again, I confess, too optimistic. At the time the figures were placed before the Legislature there was little sign that the general economic depression and the civil disobedience movement would develop to the extent which they have, and we assumed that we could expect though not a bumper year, at least a year of normal or just below normal traffic, and it is indeed tantalising that the two factors, which I have mentioned, should have interfered with what, considering the wonderful crops which India has produced this year, should have been a year of marked prosperity for the railways. But we must face the facts, gloomy though they may appear to be, and the position is that instead of having a small surplus to put to reserves we shall not merely be unable to pay our contribution to the general revenues but shall also have to draw on our reserves to the extent of about 3 crores to pay our interest charges. In more detail the position is that against a budget estimate of 106 crores 11 lakhs we now estimate our gross traffic receipts for commercial lines at 93 crores 60 lakhs. This estimate has, of course, to be made before the results of two of the heaviest months of traffic are known, but I am afraid I cannot hold out hopes that there will be any increase in the figure of earnings estimated. I have already stated what we consider to have been the main reasons for the falling off in our traffic, but the Council will expect me to give some details of how these factors affected the position

The fall in the cost of agricultural products with its consequent effect on earning capacity has restricted the ability of large sections of the population to indulge in railway travelling as freely as usual, with the result that the reductions in passenger fares, which we made two or three years ago with the object of encouraging more travel, and incidentally increasing our revenues have not had the desired effect and have actually reduced our net earnings. The actual number of passengers carried during the first seven months of the financial year is 23 millions lower than carried during the same period of the preceding year.

As regards goods traffic, there has been a falling off in the amount of carriage of almost all commodities. The only commodity of any importance, which shows a substantial increase, is wheat, and of this commodity we carried 272 thousand tons more in the first 7 months of this year than in the preceding year.

4. Let us now turn to the slightly more cheerful side of the picture—working expenses. Last year we budgeted for working expenses 68 crores 9 *lakhs*. We now estimate that our working expenses for the current year will be 65 crores 13 lakhs, or a net saving on our budget estimate of 296 lakhs. Admittedly, 84 lakhs of this saving is due to a fortuitous adjustment between the depreciation fund and revenue, but the remainder 2 crores 12 lakhs is all real reduction. For this reduction railway administrations must be given full credit. It could not have been achieved without very strenuous efforts on the part of all railway staff. Our critics will, of course, say that reduced traffic must mean reduced working expenses. This is quite correct, but what they forget is that working expenses do not fall, and cannot fall, in the same ratio as a reduction in traffic. Actually only from 25 to 40 per cent. of the cost of running a railway is dependent on the amount of traffic moved. In addition, this year we have had to operate and maintain over 300 miles of new lines. We have had to take steps to engage additional staff in order to give effect to the Hours of Employment Regulations which are now being brought into force on State-managed Railways. We have improved the scales of wages of the lower paid men on three of the State-managed Railways as a result of the investigation which was promised last year. I think, therefore, that railways can claim that they have done their best to meet the present emergency. I may say that I have lately been reading Directors' Reports on railways in various parts of the world; many of these must make most depressing reading to their shareholders, but I think a perusal of them would probably make quite cheerful reading to Honourable Members as they would then realise that the position of Indian Railways is at least no worse than many railways in other parts of the world and is in fact better than many.

5. Having confessed to having been too great an optimist in forecasting the earnings of railways during the past two years I admit that I approach the task of making an estimate for the year 1931-32 with a good deal of temerity. He is a brave man who at the present time claims to be able to see far into the future; no one can tell when there will be a reaction from the present world-wide depression, but we can only do our best, and I feel sure that the Council will realise the difficulties which beset us when we endeavour to make an estimate of what traffic the railways will carry next year. Even in normal times the difficulties are great. Everything in India depends on the monsoon, but, as usual, in making our estimate we have assumed that the monsoon will be normal. We have also assumed that there will be a slight improvement in trade, and we estimate our gross traffic receipts from commercial lines for the year 1931-32 at 99½ crores, or about 6 crores higher than our revised estimate

for this year. In making this estimate we have included an amount of from 1½ to 2 crores for minor alterations of rates and fares. My predecessors, Sir Clement Hindley and Sir Austen Hadow, when they presented their Budgets of two or three years back, were in the happy position of being able to announce popular measures, such as reductions in rates and fares. I regret, as I have mentioned, that I am in an unhappy position of having to announce that it will be essential to increase certain of our rates, but I can assure the Council that any changes which we make will be done with due regard to the trade of the country and care will be taken not to impose rates which will press too hardly on any particular section of the community. We have recently been pressed to make a general reduction in the rates for agricultural products. We have gone into the question in great detail and are convinced that in the present state of world over-production no decrease, with its consequent loss to railways, can possibly be made up by increased traffic, but I can assure the Council that all railways are alive to the position and are carefully watching the movement of agricultural products, and if there are signs that a reduction in rates on any particular commodity will stimulate traffic this will be considered. As examples of this, rates for wheat to Karachi and rates for cotton seed to Bombay have been reduced, and by a special arrangement with the Punjab Government rates for wheat from the Punjab to Calcutta have also been temporarily reduced. It remains to be seen whether these reductions will have the desired effect. Apart altogether from the railway position, a reduction in rates which does not lead to an increase of traffic can be of little benefit to the *ryot*, the man whom it is desired to benefit.

6. Now I must turn to our estimate of the working expenses for the current year. Here again there are considerable difficulties in making an accurate forecast, though these difficulties are nothing like as great as in the case of forecasting our earnings. Our budget estimate of ordinary working expenses for the year 1931-32 we place at 105 lakhs below our revised estimate for the current year; but, as I have said before, this year's saving has been increased by an unexpected windfall of 84 lakhs from the Depreciation Fund. Therefore, if we are correct in our estimate the reduction amounts to close on 2 crores of rupees. To get this reduction over a year in which railways have made special efforts to save will, it is realised, mean unremitting attention on behalf of every railway administration and on the part of every member of the staff. The task is made more difficult as additional expenditure in certain directions will be unavoidable. Additional staff must be engaged to give effect to the new Hours of Employment Regulations, and the full expense of the recent increases in the wages of the lower paid staff will only be felt next year. There will also be the cost of maintaining and operating nearly 900 miles of new lines which we expect to be opened during this and next year—lines the net earnings from which cannot in the first few years of their existence be expected to cover their interest charges. It must also be borne in mind that in making this estimate we are allowing for a moderate increase in traffic. We have, I admit, set railways a difficult task, but we feel confident that the railways and their staff are prepared and willing to shoulder the burden. It is our hope that the general public will realise that they also must be called upon to bear a certain portion of the burden. It will not be possible to give them certain luxuries which are taken as a matter of course in days of prosperity; but we can assure them that despite the efforts which we are making to cut down expenditure, no reduction will be allowed if it entails a lesser degree of safety for the travelling public than they have reason to expect at present. Reductions in expenditure of the magnitude which I have forecasted, must mean of necessity restrictive rationing of

staff on all railways. It will also mean that every man will have to do a little extra; but as I have said before, there is no fear that our staff will not loyally support the railway administrations in their efforts to effect the necessary economies. There are two items of expenditure over which we have no control. Under the rules governing the transactions of the Depreciation Fund 37 lakhs more than last year have to be placed to the credit of the fund from revenue. Also with an increase in capital our interest charges increase.

7. To sum up, we anticipate that our total receipts from commercial lines will be 101 crores 2 lakhs, or 5 crores 69 lakhs better than last year; while our charges ought to be 97 crores 85 lakhs, or 41 lakhs less than the current year. If our estimates prove correct we should obtain a surplus from commercial lines of 3 crores 17 lakhs, as against a loss of 2 crores 93 lakhs for the current year. Deducting 1 crore 96 lakhs from the surplus to meet the loss on strategic lines we are left with a balance of 1 crore 21 lakhs. Our contribution to general revenues next year will be 5 crores 36 lakhs; to meet this we shall again have to draw on our reserves to the extent of 4 crores 15 lakhs, reducing the balance to 1 crore 33 lakhs at the end of the year. Again, however, the Depreciation Fund gives a more cheerful picture, and we anticipate that it will stand at 21 crores 47 lakhs on the 31st March 1932. As I shall explain later, we only expect to withdraw 8 crores 25 lakhs next year against 13 crores 43 lakhs paid in from revenue according to the rules of the Fund.

8. Before I turn to the programme of works, there are one or two subjects which I should like to mention to the Council.

During the current year we have been able to make considerable headway with a number of schemes of improvement in the service conditions of the staff. First, with regard to wages, the investigation started last year into the rates of pay of the lower paid employees has been concluded, so far as the State-managed Railways are concerned, and schemes of improvement sanctioned for persons in inferior service on the Eastern Bengal, Great Indian Peninsula and East Indian Railways estimated to cost a recurring amount of 4½ lakhs on the Eastern Bengal and 5 lakhs on the Great Indian Peninsula Railways and 11 lakhs on the East Indian Railway, as also for workshop employees of the Eastern Bengal and East Indian Railways costing 5½ lakhs. Revisions of pay have also been sanctioned on some of the Company-managed Railways: thus on the Assam Bengal Railway the pay of persons in inferior service and of the lower paid subordinate staff has been revised at an annual cost of 1¼ lakhs; on the Madras and Southern Mahratta Railway the pay of the clerical, lower subordinate, menial and workshop staff has been revised at an estimated annual cost of 4½ lakhs. Following the revision of wages on the Great Indian Peninsula Railway an investigation has also been made into the wages of the lower paid employees of the Bombay, Baroda and Central India Railway.

Next, as regards Hours of Work, it may be recalled that a Bill amending the Indian Railways Act with a view to giving effect to the provisions of the Washington and Geneva Conventions was passed by the Legislative Assembly on the 27th February, 1930, and by this House on the 19th March, 1930. Soon after, a senior officer was placed on special duty with the Railway Board to direct and co-ordinate the working out of the schemes on the various railways through the agency of officers placed on special duty on individual railways for the purpose and it is expected that the Hours of Employment and Periods of Rest Rules which have been made in pursuance of the Act, will be fully introduced on the North Western and East Indian Railways with

effect from the 1st April, 1931, on the Eastern Bengal and Great Indian Peninsula Railways some six months later and on Company-managed railways after a year or so. The total cost of these schemes is estimated to be 45 lakhs per annum on account of additional staff and 75 lakhs under capital for the provision of their quarters.

The question of speeding up payments has also received attention and a scheme has been introduced on one division of the East Indian Railway to ensure that the payments of salaries and allowances will be made within 7 and 14 days respectively of the close of the month to which they relate. Similar arrangements are in course of extension to the other divisions of the railway.

As a result of complaints made by the All-India Railwaymen's Federation that debits were raised against the staff in trivial matters and without proper enquiry, the Government of India have placed a senior Traffic Officer on special duty to enquire into the existing procedure on the East Indian Railway and are awaiting his report.

The Government of India have also placed an officer of the Education Department on special duty to frame an estimate of the cost of introducing new rules for the grant of assistance to railway employees towards the education of their children and to report on certain other outstanding questions in that connection, such as the standard of education up to which assistance should be given and other cognate matters. In the meantime the Railway Board have issued provisional rules for the grant of such assistance so as to eliminate all racial discrimination for future employees.

The question of devising measures to combat the evil of indebtedness particularly among the lower paid employees has received attention and a new fund called the 'lower paid staff loan fund' has been constituted on the East Indian Railway with the object of advancing loans at reasonable rates of interest to such employees.

The Government of India have also decided to replace the existing fine funds on the State-managed railways by staff benefit funds which shall receive a contribution from revenue in addition to fines and provident fund bonuses which may be withheld under the rules from subordinate employees, and which shall be managed by the representatives of the staff.

The total cost of all these schemes for welfare and improvement in the service conditions of the staff is estimated to be 43 lakhs during the current year and 83 lakhs during the next year while the ultimate cost may mount up to a crore-and-a-half: over and above this recurring cost from revenue is the capital expenditure of 25 lakhs already incurred and a further 50 lakhs to be incurred during the next few years on the provision of quarters for the additional staff required to give effect to the Hours of Employment Regulations.

In addition to the schemes referred to, which deal with welfare and improvements in the service conditions of the staff, we have had to deal with a number of staff questions, such as for instance, the introduction of the scheme of the reorganisation of superior cadres on State-managed railways, elimination of racial discrimination, representation of minority communities in the service, preparation of new rules for the recruitment and training of the subordinate staff and for their medical examination and the grant of medical certificates. Finally, the question of the re-employment of the Great Indian Peninsula Railway *ex*-strikers of whom about 5,000 men are, according to the latest reports, still out of employment, continues to receive special attention and

instructions have been issued to all the State-managed railways in India to give preference to them (including such of them as failed to offer for duty within the period prescribed in the Government of India Communiqué of March 1st, 1930) in filling posts for which they may be qualified over outsiders.

9. Last year I made a reference to the progress made with the standardization of Railway equipment. It was during the close of that year that the Central Standards Office for Railways was formed and all work connected with standardization centralised in one office. The benefits resulting from the new organisation are already beginning to be felt. Apart from the fact that the Railway Board's Office found itself unable to deal with the increasing volume of work which the extended application of standardization entailed, the locating of all such work in one office, in charge of a Controller of Standardization, enables a degree of co-ordination in the standardization of all classes of equipment to be obtained which was impossible when the various classes of equipment were dealt with by different branches of the Board's Office. As an example of the importance of such co-ordination, I need only refer to bridge, track and rolling stock—three separate factors, normally regarded as three separate branches of engineering, and yet the absence of close co-ordination between the three or their failure to advance together, hand in hand, can result, and often has resulted, in heavy financial loss to Railways.

As an example of the valuable work undertaken by the Central Standards Office since its formation I should like to mention the preparation and publication of the standard vacuum brake drawings. The vacuum brake is used exclusively for controlling trains in this country, and the value of the brake equipment fitted to the rolling stock of State Railways alone exceeds three crores of rupees. When first invented the brake was largely covered by patents and the manufacture of the equipment was limited to the patentees; but since the expiry of the original patents, other firms have come into the field. In order to limit competition, as far as possible, both the original patentees and their competitors have consistently refused to issue working drawings of the equipment they manufacture. This jealous guarding of information necessary to the accurate manufacture of the equipment has been so thorough, that besides securing the Manufacturers' ends by limiting competition, it has caused the equipment now in use on various Railways to be to a large extent non-interchangeable. This lack of complete interchangeability between fittings made by different manufacturers has, in the past, resulted in inflated stores balances, defective working of the brake and heavy maintenance charges.

With the issue of the standard drawings to which all equipment will, in future, be made, complete interchangeability is assured, and the manufacture of the equipment, instead of being limited to two or three firms, can be undertaken by any well-equipped engineering firm in India. I need hardly say that Railways cannot but benefit financially in consequence.

As another instance of how economy can be effected by standardization I would mention the East Indian Railway Carriage Underframes Workshop at Tatanagar. Carriage underframes are being manufactured there to-day at considerably less cost than they can be purchased from any other source. This reduction has become possible due to quantity production following the introduction of standard designs of underframes purchased by all Railways, in lieu of the old practice in which each administration purchased underframes to their own particular designs.

The various Standard Committees have continued to meet regularly throughout the year. The Locomotive Committee has been particularly engaged on modifications to the design and details of standard locomotives (of

which there are now more than 650 in service of sixteen different standard types) which further experience with the running of these engines has shown to be necessary. In this connection I should like to draw attention to the recent arrival in this country of a Dynamometer Car, with the aid of which it will be possible to record important data concerning the performance of our standard engines, which cannot be determined by any other means. This Car is the most completely equipped vehicle of its kind yet constructed, and is to serve as a pattern for the car about to be built at the expense of the British Government in response to the British Railways' demand for the provision of a National Locomotive Testing plant. Although the first cost of such a vehicle is necessarily high, the knowledge that can be derived from its use will, it is anticipated, enable the efficiency of our locomotive power to be further increased.

Another matter which has recently had the close attention of the Locomotive Committee is the application of grease lubrication to locomotives. Although the use of grease for locomotive lubrication has for many years been the general practice of Railways in the United States of America, it was not until the last few years that this method of lubrication was tried in this country. Results so far obtained indicate that considerable economy will result from the extended use of grease lubrication for locomotives.

The Carriage and Wagon Committee has recently completed detailed drawings of a standard Broad Gauge upper class coaching body of the I and II Class composite type. The issue of these drawings will, besides providing for a uniform standard of comfort on all Broad Gauge State Railways, enable the cost of construction of such bodies to be reduced considerably as has already been done in the case of lower class bodies. The Committee is now turning its attention to Metre Gauge coaching bodies and the standardization of electric train lighting equipment. My remarks regarding vacuum brake apply generally to train lighting equipment. Although it cannot be said that any one firm holds a monopoly for the manufacture of such equipment, its manufacture is at present limited to a few firms only. With the standardization of such equipment, and the issue of standard drawings and specifications, other engineering firms will be in a position to compete for our requirements.

Last year I made a reference to the work of the Committee on Standards and Specifications and pointed out that the drafting of specifications recommended by the Committee and approved by the Board had not, owing to shortage of staff, been undertaken. This work has been taken over by the newly formed Standards Office and to-date 150 specifications have been drafted of which the first 95 have either been published or are under print for publication. I think the Council will agree that much valuable work has been done by the Central Standards Office and that the expenditure on this is fully justified.

10. The Council may remember that when I presented the programme of Capital and Depreciation Fund expenditure last year for the year 1930-31 I remarked that our proposals were very modest ones. We budgeted for an expenditure of 25¼ crores of which 8½ crores was debitable to the Depreciation Fund. We now expect to spend on works 22¾ crores of which 14½ crores will be charged to Capital and the balance to the Depreciation Fund. The total expenditure from the Depreciation Fund will be 9 crores, as this fund has to provide, as I have previously mentioned, about three-quarters of a crore as a credit to revenue. Of the underspending of 2½ crores half is under new lines. We have continued the policy, which we introduced two years ago, of concentrating entirely on pushing schemes already in hand to

completion, and the reduction in expenditure will not reduce the mileage of new lines opened or which we anticipated would be opened when we prepared the budget. The most important lines opened or which will be opened during this financial year are certain sections of the Raipur-Vizianagram Railway, a total length of about 56 miles, Unao-Madhoganj, Mahrabpur-Padidan, Pudukkottai-Manamadura, Mashrak-Thawe and Salem-Chinnasalem Railways, making a total mileage of just over 300 miles.

11. Turning to open line works, the most important events of the year were the completion of the Great Indian Peninsula Electrification from Bombay to Poona and Bombay to Igatpuri. This scheme is, I believe, the largest electrification scheme in the British Empire, and we hope very shortly to reap the full benefits in reductions in working expenses. We also opened during the year the new Central Station at Cawnpore and the new Central Station on the Bombay, Baroda and Central India Railway at Bombay.

12. If our budget estimate last year was a modest one it is still more so this year. We are providing for a total expenditure during 1931-32 of 21 crores 70 lakhs of which 8 crores 25 lakhs will be expenditure found from the Depreciation Fund. Material to the value of 2 crores of rupees already in stock will be utilised for our new works so that the actual new capital which it will be necessary to find will be only 11 crores 45 lakhs. We are again concentrating on completing works already in hand and on works which will increase the capacity of our main lines. In other words, in these times of scarcity we are making every endeavour to consolidate our position so that when the times of plenty come again our main trunk lines will be fully equipped to take the additional traffic which must follow construction of new lines in undeveloped country. 290 lakhs are allotted for capital expenditure for the completion of new lines under construction, and at the end of the year we hope to have all lines now under construction opened to traffic except the Sagaing Bridge over the Irrawaddy, the Lucknow-Sultanpur-Zaffarabad Railway, and the Tangla-Belsiri Railway in the north-east of India. Open line works in progress have been allotted 410 lakhs of which 98 lakhs will come from the Depreciation Fund, and if our anticipations are realised at the end of the year there will be only two works now in hand, the Dohad Workshops on the Bombay, Baroda and Central India Railway, and the doubling of the Cawnpore-Tundla section of the East Indian Railway, which will require substantial amounts for their completion during subsequent years. The only new work of any magnitude which it is proposed to take up during the year is the Narbadda Bridge on the main line of the Bombay, Baroda and Central India Railway between Bombay and Delhi. The cost of this is estimated at 87 lakhs, and an allotment of 15 lakhs has been made. A weak bridge of this description affects the capacity of the whole section, and its renewal is overdue. The position at the end of the year will be that our commitments for completion of works will be reduced to 357 lakhs of which 46 lakhs will come from the Depreciation Fund. This, I think, the Council will agree is a satisfactory position.

13. Turning to our programme for rolling stock. This, after a detailed examination with railway administrations, we have reduced to 5¼ crores of rupees of which 2¼ crores will come from the Depreciation Fund. It has only been, possible to get to this figure by redistribution of existing rolling stock between the various railways. By this means it has been found possible to avoid purchases amounting to nearly half a crore. Other avenues of savings have been explored, *e.g.*, it has been found possible by reconditioning second-hand wheels for carriages and wagons to make a further saving of just over 12 lakhs.

14. I have done my best to place before the Council the principal figures of our revised budget for this year and those for the budget estimate for 1931-32. I do not claim that my review has been exhaustive or that I have mentioned everything that is of public interest, but this is impossible in the short time available and it would certainly be wearisome to the Council. I hope I have made it clear, however, that though we are passing through depressing times there is hope for the future and that Indian Railways will be in a position to meet the requirements of traffic when trade begins to improve.

15. In conclusion, I would like to take the opportunity of bringing to the notice of the Council the valuable service which the Agents, officers and staff of the various railway administrations have rendered to the country during the past years often under very trying conditions, and the assistance which they have given to the Railway Board in their endeavours to improve efficiency and to introduce economies to meet the emergencies of the present day situation.

Schedule of demands for grants for expenditure of the Central Government on Railways for the year 1931-32 submitted for the vote of the Legislative Assembly.

Number of Demand.	Service to which demand relates.	Amount.
	EXPENDITURE CHARGED TO REVENUE.	Rs.
	Commercial Railways.	
1	Railway Board	11,50,000
2	Inspection	90,000
3	Audit	14,20,000
4	Working Expenses : Administration	13,00,00,000
5	Working Expenses : Repairs and maintenance and Operation	37,54,00,000
6	Companies' and Indian States' share of surplus profits and net earnings.	75,00,000
9	Appropriation to Depreciation Fund	13,00,00,000
11	Miscellaneous Expenditure	10,75,000
12	Appropriation to the Reserve Fund	..
	Strategic Railways.	
14	Working Expenses (including Appropriation to Depreciation Fund and Miscellaneous Expenditure).	1,97,50,000
	EXPENDITURE CHARGED TO CAPITAL.	
	Commercial Railways.	
7	New Construction	2,86,80,000
8	Open Line Works	8,38,40,000
	Strategic Railways.	
15	New construction and Open Line Works	17,00,000
	OTHER EXPENDITURE.	
10	Appropriation from Depreciation Fund	8,25,00,000
	(*Commercial and Strategic.*)	
13	Appropriation from the Reserve Fund	4,14,67,000

BUDGET*

of the

Railway Revenue and Expenditure of the Governor-General in Council, March 1931.

RAILWAY DEPARTMENT;
New Delhi, the 1st March 1931.

A. A. L. PARSONS,
Financial Commissioner of Railways.

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* Published with Government of India, Finance Department, Resolution No. D./11E-B., dated the 9th April 1931.

1.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1929-30.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XI.—State Railways—						
(a) Commercial lines—						
Gross receipts—						
Passenger traffic earnings :—						
Upper class . .	4,20,50,791	...	...	4,20,50,791	3,79,00,000	...
Third class . .	30,98,13,228	...	...	30,98,13,228	28,85,00,000	...
Other coaching traffic earnings.	5,68,69,083	...	...	5,68,69,083	5,21,00,000	...
Goods traffic earnings .	64,37,05,656	...	...	64,37,05,656	59,50,00,000	...
Sundry earnings . .	2,12,27,305	6,43,141	3,944	2,18,74,390	1,52,49,000	6,43,000
Total earnings .	1,07,36,65,063	6,43,141	3,944	1,07,43,12,148	98,87,49,000	6,43,000
Deduct— Refunds of Revenue collected.	*14,53,312*	...	...	*14,53,312*	*15,00,000*	...
Deduct— Earnings of worked lines.	*6,47,29,867*	...	...	*6,47,29,867*	*5,19,00,000*	...
Earnings of State Railways.	1,00,74,82,984	6,43,141	3,944	1,00,81,30,069	93,53,49,000	6,43,000
Suspense . . .	30,16,886	...	...	30,16,886	...	...
Gross receipts of State Railways.	1,01,04,99,870	6,43,141	3,944	1,01,11,43,955	93,53,49,000	6,43,000
Deduct—Working expenses of State Railways.*	*65,56,07,079*	*52,75,284*	*27,762*	*66,09,10,125*	*64,59,75,000*	*52,60,000*
Surplus profits paid to Indian States and railway companies.	*1,51,97,708*	...	...	*1,51,97,708*	*1,15,00,000*	...
Net receipts . . .	33,96,95,083	—46,32,143	—23,818	33,50,39,123	27,78,74,000	—43,17,000
(b) Strategic lines—						
Gross receipts . .	1,58,95,380	...	...	1,58,95,380	1,40,10,000	...
Deduct—Refunds of Revenue collected.	*14,080*	...	...	*14,080*	*10,000*	...
Working expenses . .	*2,08,82,341*	286	...	*2,08,82,627*	*2,17,00,000*	...
Net receipts . . .	—50,01,041	—286	...	—50,01,327	—77,00,000	...
Total net receipts, Commercial and Strategic lines.	33,46,94,042	—46,32,429	—23,818	33,00,37,795	27,01,74,000	—43,17,000
XII.—Subsidized Companies: Government share of surplus profits, etc.	12,37,361	44,01,616	31,761	58,70,738	17,52,000	3,44,000
XII-A.—Miscellaneous Railway Receipts—						
(a) Commercial lines—						
Interest on Depreciation and Reserve Fund balances.	1,24,57,407	...	...	1,24,57,407	1,33,53,000	...
Dividend on investments in branch lines and other Miscellaneous Receipts.	21,43,398	...	...	21,46,398	16,00,000	...
(b) Strategic lines—						
Interest on Depreciation Fund balances.	3,08,604	...	...	3,08,604	5,19,000	...
Total receipts .	35,08,43,812	—30,813	7,943	35,08,20,942	28,75,98,000	—42,73,000
XII-B.—Transfers from Railway Reserve Fund.	2,08,21,706	...	...	2,08,21,706	10,85,99,000	...
Total .	37,16,65,518	—30,813	7,943	37,16,42,648	39,61,97,000	—42,73,000

* For details see statement 1 (a).

Government from Railways in India and England.

1930-31.		Increase (+) Decrease (−) as compared with Budget, 1930-31.	Budget Estimate, 1931-32.				Increase(+) Decrease(−) as compared with Revised, 1930-31.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	3,79,00,000	−52,00,000	4,08,00,000	...	...	4,08,00,000	+29,00,000
...	28,85,00,000	−2,91,00,000	30,32,00,000	...	...	30,32,00,000	+1,47,00,000
...	5,21,00,000	−52,00,000	5,73,00,000	...	...	5,73,00,000	+52,00,000
...	...	...	...	...	...	...	...
...	59,50,00,000	−8,37,00,000	62,88,00,000	...	...	62,88,00,000	+3,38,00,000
8,000	1,59,00,000	−52,00,000	1,78,57,000	6,43,000	...	1,85,00,000	+26,00,000
8,000	98,94,00,000	−12,84,00,000	1,04,79,57,000	6,43,000	...	1,04,86,00,000	+5,92,00,000
...	*15,00,000*	*−2,50,000*	*15,00,000*	...	...	*15,00,000*	...
...	*5,19,00,000*	*−30,50,000*	*5,21,00,000*	...	...	*5,21,00,000*	*+2,00,000*
8,000	93,60,00,000	−12,51,00,000	99,43,57,000	6,43,000	...	99,50,00,000	+5,90,00,000
...	...	...	...	...	...	...	...
8,000	93,60,00,000	−12,51,00,000	99,43,57,000	6,43,000	...	99,50,00,000	+5,90,00,000
65,000	*65,13,00,000*	*−2,95,82,000*	*63,88,58,000*	*51,42,000*	...	*64,40,00,000*	*−73,00,000*
...	*1,15,00,000*	*−7,00,000*	*75,00,000*	...	...	*75,00,000*	*−40,00,000*
−57,000	27,32,00,000	−9,48,18,000	34,79,99,000	−44,99,000	...	34,35,00,000	+7,03,00,000
...	1,40,10,000	−24,00,000	1,50,10,000	...	...	1,50,10,000	+10,00,000
...	*10,000*	...	*10,000*	...	...	*10,000*	...
...	*2,17,00,000*	*+7,57,000*	*2,03,00,000*	...	...	*2,03,00,000*	*−14,00,000*
...	−77,00,000	−31,57,000	−53,00,000	...	...	−53,00,000	+24,00,000
−57,000	26,55,00,000	−9,79,75,000	34,26,99,000	−44,99,000	...	33,82,00,000	+7,27,00,000
4,000	21,00,000	+3,00,000	17,14,000	86,000	...	18,00,000	−3,00,000
...	1,33,53,000	−5,35,000	1,17,79,000	...	...	1,17,79,000	−15,74,000
...	18,00,000	+4,70,000	16,00,000	...	...	16,00,000	−2,00,000
...	5,19,000	+1,12,000	6,56,000	...	...	6,56,000	+1,37,000
−53,000	28,32,72,000	−2,77,28,000	35,54,48,000	−44,13,000	...	35,40,35,000	+7,07,63,000
...	10,85,99,000	+10,85,99,000	4,13,67,000	...	...	4,13,67,000	−6,72,32,000
−53,000	39,18,71,000	+7,08,71,000	39,98,15,000	−44,13,000	...	39,54,02,000	+35,31,000

1(*a*).—Statement of Working Expenses

Heads of working expenses.	Accounts 1929-30.				Revised Estimate.	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Administration . . .	13,53,99,258	48,75,284	24,610	14,02,99,152	13,80,60,000	48,60,000
Repairs and maintenance .	17,78,63,869	...	...	17,78,63,869	15,95,00,000	...
Operation	25,35,15,633	4,00,000	3,152	25,39,18,785	24,85,95,000	4,00,000
Depreciation	12,17,95,122	...	...	12,17,95,122	12,63,00,000	...
Suspense	—15,009	...	...	—15,009	...	...
Total .	68,85,53,783	52,75,284	27,762	69,38,61,829	67,24,75,000	52,60,000
Deduct—Share of Worked Lines.	*3,29,51,704*	...	...	*3,29,51,704*	*2,65,00,000*	...
Working Expenses .	65,56,07,079	52,75,284	27,762	66,09,10,125	64,59,75,000	52,60,000

State Railways—Commercial Lines.

1930-31.		Increase (+) Decrease (—) as compared with Budget, 1930-31.	Budget Estimate, 1931-32.				Increase (+) Decrease (—) as compared with Revised, 1930-31.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
60,000	14,30,00,000	—2,00,000	13,52,58,000	47,42,000	...	14,00,00,000	—30,00,000
...	15,95,00,000	—1,35,75,000	15,22,00,000	...	...	15,22,00,000	—73,00,000
5,000	24,80,00,000	—1,52,00,000	24,84,00,000	4,00,000	...	24,88,00,000	—2,00,000
...	12,63,00,000	—19,57,000	13,00,00,000	...	...	13,00,00,000	+37,00,000
...	...	...	...	...	...	...	...
65,000	67,78,00,000	—3,09,32,000	66,58,58,000	51,42,000	...	67,10,00,000	—68,00,000
...	2,65,00,000	—14,10,000	2,70,00,000	...	...	2,70,00,000	+5,00,000
65,000	65,13,00,000	—2,95,82,000	63,88,58,000	51,42,000	...	64,40,00,000	—73,00,000

2.—Statement of the expenditure on Railways charged to

Heads of Expenditure.	Accounts, 1929-30.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
10. State Railways:—						
(a) Commercial lines—						
Interest.—						
on Government capital at charge .	16,91,39,381	10,69,68,236	7,94,731	27,69,02,348	18,78,94,000	10,99,24,000
on capital contributed by Indian States and Companies.	4,15,970	1,31,71,784	1,06,289	1,36,94,043	4,20,000	1,31,72,000
Total interest, commercial lines . .	16,95,55,351	12,01,40,020	9,01,020	29,05,96,391	18,83,14,000	12,30,96,000
(b) Strategic lines— Interest on capital at charge . .	1,40,09,273	...	...	1,40,09,273	1,46,75,000	...
Total interest .	18,35,64,624	12,01,40,020	9,01,020	30,46,05,664	20,29,89,000	12,30,96,000
11. Subsidized Companies— Land and subsidy . . .	4,39,199	...	...	4,39,199	6,50,000	...
12. Miscellaneous Railway expenditure—						
Commercial lines	39,53,123	13,97,927	10,908	53,61,958	42,35,000	19,65,000
Strategic lines . . .	49,864	...	...	49,864	40,000	...
Payments to general revenues—						
Contribution*	6,11,85,963	...	...	6,11,85,963	5,73,57,000	...
One-third of the excess of railway surplus over three crores.	...	...	...	...	...	...
Total payment to general revenues .	6,11,85,963	...	...	6,11,85,963	5,73,57,000	...
12A—Surplus Railway Revenue transferred to Railway Reserve Fund.	...	...	...	...	...	...
Total .	24,91,92,773	12,15,37,947	9,11,928	37,16,42,648	26,52,71,000	12,50,61,000

* For details see Statement 2 (a).

the revenue of the Central Government in India and in England.

1930-31.		Increase (+) Decrease (—) as compared with Budget, 1930-31.	Budget Estimate, 1931-32.				Increase (+) Decrease (—) as compared with Revised, 1930-31.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
13,52,000	29,91,70,000	+1,26,14,000	19,63,52,000	11,09,24,000	...	30,72,76,000	+81,06,000
1,62,000	1,37,54,000	+1,42,000	4,20,000	1,31,72,000	...	1,35,92,000	—1,62,000
15,14,000	31,29,24,000	+1,27,56,000	19,67,72,000	12,40,96,000	...	32,08,68,000	+79,44,000
...	1,46,75,000	+8,25,000	1,48,52,000	...	...	1,48,52,000	+1,77,000
15,14,000	32,75,99,000	+1,35,81,000	21,16,24,000	12,40,96,000	..	33,57,20,000	+81,21,000
...	6,50,000	+50,000	7,00,000	...	...	7,00,000	+50,000
25,000	62,25,000	+6,45,000	38,54,000	14,86,000	...	53,40,000	—8,85,000
...	40,000	—10,000	40,000	...	...	40,000	...
...	5,73,57,000	...	5,36,02,000	...	...	5,36,02,000	—37,55,000
...	...	...	...	...	...	...	...
...	5,73,57,000	...	5,36,02,000	...	...	5,36,02,000	—37,55,000
...	...	—33,95,000	...	...	...	...	...
15,39,000	39,18,71,000	+1,08,71,000	26,98,20,000	12,55,82,000	...	39,54,02,000	+35,31,000

2(*a*).—Contribution from Railway to General Revenues, 1930-31.

(Based on actuals, 1928-29.)

	Rs.	Rs.
1. 1 per cent. on capital of 6,93,73,40,682 at charge, commercial lines	...	6,93,73,407
2. (i) Receipts—Commercial lines—		
Gross traffic receipts	1,02,07,09,064	
Subsidised Companies, share of surplus profits	38,64,026	
Interest on Depreciation and Reserve Fund balances	1,04,13,368	
Dividend on investments in branch lines and other miscellaneous receipts	11,57,252	
(ii) Charges—Commercial lines—		1,04,21,63,710
Working expenses	64,83,84,600	
Indian States and Railway Companies' share of surplus profits	1,59,14,166	
Interest—		
On capital at charge	26,40,71,979	
On capital contributed by Indian States and Companies	1,50,42,326	
Land and subsidy	2,91,370	
Miscellaneous railway expenditure	31,65,502	
Contribution at 1 per cent. on capital at charge	6,93,73,407	
		1,01,62,43,341
(iii) Surplus	...	2,59,20,369
(iv) Contribution of one-fifth of surplus	...	51,84,074
3. (i) Total contribution from railway revenues [1 *plus* 2 (iv)]	...	7,45,57,481
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,41,81,448	
(ii) Loss in working	30,18,701	
		1,72,00,149
(ii) Net payment due from railway to general revenues in 1930-31	...	5,73,57,332

2(*a*).—Contribution from Railway to General Revenues, 1931-32.

(Based on actuals, 1929-30.)

	Rs.	Rs.
1. 1 per cent. on capital of 7,23,54,27,822 at charge, commercial lines	...	7,23,54,278
2. (i) Receipts—Commercial Lines—		
Gross traffic receipts	1,01,11,46,955	
Subsidised Companies' share of surplus profits	58,70,738	
Interest on Depreciation and Reserve Fund balances	1,24,57,407	
Dividend on investments in branch lines and other miscellaneous receipts	21,46,398	
		1,03,16,21,498
(ii) Charges—Commercial Lines—		
Working expenses	66,69,10,125	
Indian States and Railway Companies' share of surplus profits	1,51,97,708	
Interest—		
On capital at charge	27,69,02,348	
On capital contributed by Indian States and Companies	1,36,94,043	
Land and subsidy	4,39,199	
Miscellaneous railway expenditure	53,61,958	
Contribution at 1 per cent. on capital at charge	7,23,54,278	
		1,04,48,59,659
(iii) Deficit		1,32,38,161
(iv) Contribution of one-fifth of surplus		
3. (i) Total contribution from railway revenues [1 *plus* 2 (iv)]		7,23,54,278
Deduct—Loss on strategic lines borne by railway revenues—		
(i) Interest on capital	1,40,09,273	
(ii) Loss in working	47,42,587	
		1,87,51,860
(ii) Net payment due from railway to general revenues in 1931-32	...	5,36,02,418

3.—Statement of receipts of the Central Government in India and England for State

Heads of Account.	Accounts, 1929-30.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
XLI.—Capital contributed by Railway Companies and Indian States towards outlay on State Railways . . .	2,43,676	...	...	2,43,676	...	...

Capital contributed by Railway Companies and Indian States towards outlay on Railways.

1930-31.		Increase (+) Decrease (—) as compared with Budget, 1930-31.	Budget Estimate, 1931-32.				Increase (+) Decrease (—) as compared with Revised, 1930-31.
Exchange.	Total.		India.	England.	Exchange.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
...	...	...	...	...	...	...	...

4.—Statement of the Capital Expenditure of the

Heads of Expenditure.	Accounts, 1929-30.				Revised Estimate,	
	India.	England.	Exchange.	Total.	India.	England.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue :—						
53.—Construction of State Railways :—						
(a) Commercial Lines—						
Open Line Works—						
Rolling Stock . . .				5,43,44,000		
Other Works . . .				9,98,09,271		
New Construction . .				6,50,37,000		
Suspense				87,45,000		
Purchase of Railways and branch line shares . .				7,05,55,000		
Deduct—Probable Throw forward				...		
Total .	12,63,10,331	16,95,03,205	11,76,735	29,89,90,271	8,45,96,000	5,72,00,000
(b) Strategic Lines—						
Open Line Works—						
Rolling Stock . . .				4,84,000		
Other Works . . .				8,82,404		
New Construction . .				14,77,000		
Total .	28,43,404			28,43,404	25,00,000	...
Total Commercial and Strategic Lines .	13,11,53,735	16,95,03,205	11,76,735	30,18,33,675	8,70,96,000	5,72,00,000
53-C.—Discharge of Debentures . .	...				...	...

Central Government in India and England on Railways.

1930-31.			Budget Estimate, 1931-32.				
Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1930-31.	India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1930-31.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	3,91,25,000	+6,00,000				2,89,40,000	—1,02,35,000
	7,78,75,000	—1,00,00,000				7,50,60,000	—28,15,000
	3,75,00,000	—1,25,00,000				2,89,00,000	—86,00,000
	—1,21,00,000	—46,00,000				—2,00,00,000	—79,00,000
	1,00,000	+1,00,000				...	—1,00,000
	...	—39,00,000	...	...	...	...	...
7,04,000	14,25,00,000	—2,25,00,000	8,03,00,000	3,25,00,000	...	11,38,00,000	—2,97,00,000
	10,00,000	+1,25,000				4,25,000	—5,75,000
	14,50,000	—35,000				11,61,000	—3,39,000
	50,000	—90,000				1,14,000	+64,000
...	25,00,000	...	17,00,000	...	...	17,00,000	—8,00,000
7,04,000	14,50,00,000	—2,25,00,000	8,20,00,000	3,25,00,000	...	11,45,00,000	—3,05,00,000
...	...	...	...	...	...	...	

A.—Railway Depreciation Fund.

	Accounts, 1929-30.	Budget Estimate, 1930-31.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.		Accounts, 1929-30.	Budget Estimate, 1930-31.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	11,40,96,631	12,50,96,631	12,24,20,420	16,29,20,420	Appropriation from Depreciation Fund.	11,76,18,314	8,50,00,000	9,00,00,000	8,25,00,000
Appropriation to Depreciation Fund.	12,59,42,103	13,25,00,000	13,05,00,000	13,43,00,000	Closing balance.	12,24,20,420	17,25,96,631	16,29,20,420	21,47,20,420
TOTAL .	24,00,38,734	25,75,96,631	25,29,20,420	29,72,20,420	TOTAL .	24,00,38,734	25,75,96,631	25,29,20,420	29,72,20,420

B.—Railway Reserve Fund.

	Accounts, 1929-30.	Budget Estimate, 1930-31.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.		Accounts, 1929-30.	Budget Estimate, 1930-31.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	18,42,43,980	17,56,13,980	16,34,22,274	5,48,23,274	Appropriation from Reserve Fund.	2,08,21,706	...	10,85,99,000	4,13,67,000
Appropriation to Reserve Fund.	...	33,95,000	...	...	Closing Balance.	16,34,22,274	17,90,08,980	5,48,23,274	1,34,56,274
TOTAL	18,42,43,980	17,90,08,980	16,34,22,274	5,48,23,274	TOTAL	18,42,43,980	17,90,08,980	16,34,22,274	5,48,23,274

Explanatory Memorandum of the Railway Budget for 1931-32.

1929-30.

Commercial and Strategic Lines together.

When we presented the budget estimates this time last year to the Legislature we anticipated that we would end the year 1929-30 with a gain on commercial lines of 7,07 lakhs, of which 1,81 lakhs would be required to meet the prospective loss on strategic lines. The balance of 5,26 lakhs being insufficient to meet the contribution to General Revenues, we expected to withdraw 86 lakhs from previously accumulated reserves. The actual results were unfortunately worse. Economic depression, the civil disobedience campaign, and the strike on the Great Indian Peninsula Railway, combined to reduce our earnings, and the total receipts from all sources amounted to 1,04·78 crores or 1¾ crores below our revised estimate, though, at the same time, as a partial set off, our total charges fell by nearly half a crore. Our net gain was only 4,04 lakhs and we had to withdraw 2,08 lakhs from the reserve, reducing it to 16,34 lakhs at the beginning of the current year.

Our Depreciation Fund expenditure (11,76 lakhs) was 26 lakhs more than was anticipated but was still 83 lakhs below the amount that was paid into the fund during the year in accordance with the rules of the fund. This increased the balance at the credit of the fund at the end of the year to 12,24 akhs.

1930-31.

A.—Commercial Lines.

2. The general trade depression and disturbed condition of India which had such an ill effect on our revenues during the last part of 1929-30 have continued throughout the current year with the result that, so far as we can see at present, we shall be unable this year not merely to pay our usual contribution to General Revenues but even to meet our interest charges without drawing on our reserves. For the first time since railway revenues were separated from general revenues we are faced with a net loss of nearly three crores. We give below, as usual, a statement comparing the principal figures of the revised estimate with the figures of the budget estimate and the actual expenditure for 1929-30.

(Figures in lakhs of rupees.)

	Accounts, 1929-30.	1930-31. Budget.	1930-31. Revised.
Gross traffic receipts	1,01,26	1,06,29	93,75
Deduct—Refunds of revenue	15	18	15
Total .	1,01,11	1,06,11	93,60
Government share of profits, etc., from subsidised companies.	59	19	21
Interest on Depreciation and Reserve Fund balances .	1,25	1,39	1,34
Dividends on investment in branch lines and other miscellaneous receipts.	21	13	18
Total Receipts .	1,03,16	1,07,82	95,33
Working expenses (including depreciation) . .	66,09	68,09	65,13
Surplus profits paid to Indian States and Railway Companies.	1,52	1,22	1,15
Interest charges	29,06	30,02	31,29
Miscellaneous charges	58	61	69
Total Charges .	97,25	99,94	98,26
Gain from Commercial lines	5,91	7,88	—2,93

Gross traffic receipts.

3. The estimates of gross traffic receipts for 1930-31 presented to the Legislature last February were made before either the trade slump or the civil disobedience movement had developed and therefore assumed a normal year giving us a moderate increase in both passenger and goods traffic. The estimated figure of receipts (1,06·11 crores), which included about a crore extra on account of the purchase of the Southern Punjab Railway from 1st January 1930, was 3¼ crores above our revised estimate for 1929-30. As we have explained already, our actual receipts during 1929-30 were 1¾ crores below the revised estimate, and, so far as we can see at present, the receipts for 1930-31 will be

about 7½ crores below the actual receipts of last year. The details of our estimates are as follows:—

(Figures in lakhs of rupees.)

	Accounts, 1929-30.	1930-31. Budget.	1930-31. Revised.
Passenger earnings	35,18	36,07	32,64
Other coaching traffic earnings	5,69	5,73	5,21
Goods earnings	64,37	67,87	59,50
Other earnings	2,19	2,11	1,59
Total	1,07,43	1,11,78	98,94
Deduct—			
Refunds of revenue	15	18	15
Worked lines	6,47	5,49	5,19
Suspense	30	..	..
Net Total	1,01,11	1,06,11	93,60

Passenger earnings.

4. Passenger earnings are now expected to be about 2½ crores below the figures of last year. The fall in the prices of most agricultural products has restricted the ability of large classes of the population to indulge their propensity for travelling as freely as before, and the disturbed condition of the country has diminished its attraction. Consequently in prevailing circumstances the reductions of fares that we gave effect to in the last two or three years have failed in their object and have tended only to reduce our net earnings. The actual number of passengers carried in the first seven months of the year has been nearly 23 millions lower than in the corresponding period of the previous year, a decrease of over 6 per cent. The passenger miles show a similar decrease of nearly 7 per cent, from 12,756 millions to 11,887 millions. The average lead per passenger has fallen from 34·76 miles to 34·54 miles.

Our other coaching traffic receipts will similarly, we expect, be down by nearly half a crore. This is partly due to the reductions in our luggage and parcels rates introduced two years ago.

Goods earnings.

5. In goods earnings, the decrease is still more noticeable. Our present expectations point to a reduction of nearly 5 crores as compared with last year, and 8½ crores as compared with our budget estimates. Up to the end of October 1930, the tonnage we carried was 5½ millions less, a decrease of over 8½ per cent. The average lead per ton was, however, somewhat higher and our ton mileage for the first seven months showed a diminution of only 6⅛ per cent., this year's figure being 7,42 millions lower than last year's.

The traffic carried has, with very few exceptions, been lower this year than last, the only commodity of any importance which shows an increase being wheat, of which we carried in the first seven months an additional 272,000

tons. The number of wagons loaded has decreased practically everywhere. Up to the 17th of January, we loaded, for example, 43,400 wagons less with coal and coke, a decrease of nearly 5 per cent, 22,600 wagons less with oil-seeds, a decrease of 10½ per cent., and 10,100 less with cotton, a decrease of 8½ per cent. The loading of miscellaneous wagons, which is one of the best indications of the general state of trade, has been equally disappointing. Miscellaneous full wagons show a decrease of 140,000 or about 7 per cent. during the period, and there has also been a decline, though smaller, in the loading of miscellaneous "smalls".

6. The present estimates of working expenses are compared in the following table with the budget figures and those of 1929-30.

(Figures in lakhs of rupees.)

	Accounts, 1929-30.	1930-31.	
		Budget.	Revised.
Administration	14,03	14,32	14,30
Repairs and Maintenance	17,79	17,31	15,95
Operation	25,39	26,42	24,90
Depreciation	12,18	12,83	12,63
Suspense	..	..	..
Total	69,39	70,88	67,78
Deduct—			
Worked lines	3,30	2,79	2,65
Net working expenses	66,09	68,09	65,13

7. Our total ordinary gross working expenses, exclusive of depreciation, will, we now estimate, be two crores and six lakhs less than last year. Some part of this (84 lakhs) is due to certain arrear adjustments with the Depreciation Fund which have come as a welcome relief into our accounts this year. This wind-fall is the net result of correction of items incorrectly debited or credited to the Depreciation Fund in past years, practically ever since the fund was started. To go into detail into these items would require a long explanation; briefly the facts are that formerly the Depreciation Fund was wrongly charged with expenditure on renewals and replacements on the companies' sections of the Bengal and North Western and Rohilkund and Kumaon Railways and incorrectly credited with the value on companies' railways of materials returned from works. These counterbalanced each other to a certain extent, but the amounts credited wrongly to the Fund in the past instead of to revenue were larger than the amounts debited incorrectly.

The balance of the decrease is a real reduction in expenditure and represents to a large extent the results of the measures of economy on the introduction of which railways have been strenuously engaged throughout the year. But for these special measures it would not have been possible to keep the expenditure down to our present figures. For, though a reduction in the cost of operation necessarily follows a reduction in traffic, we have had in the current year to provide for the operation and maintenance of over 300 miles of new lines, to take steps to engage additional staff in order to give effect to the hours of employment regulations which are now being brought into force

on the State-managed railways, and to improve the wages of lower paid employés on State-managed railways as a result of an investigation which was promised last year. For the last mentioned purpose sums aggregating 25 lakhs were entered in the budget under the 'Working Expenses' head. As a result of very careful enquiries, revisions of pay, which are estimated to cost 26 lakhs in a full year, have been introduced on the East Indian, Great Indian Peninsula and Eastern Bengal Railways which, in our opinion, should remove any cause for complaint that the employés affected are insufficiently paid; and the opportunity afforded by these revisions has been taken to remove inequalities which had gradually arisen in the emoluments paid to similar classes of employés.

In later paragraphs of this memorandum we describe in some detail the measures that have been, and are being, taken to reduce expenditure wherever feasible. The full effect of these measures will, however, only be experienced in the coming year.

Administration.

8. Our estimate of the charges grouped under the head 'Administration' is 27 lakhs higher than last year. The normal growth of expenditure under this head, due to the accrual of increments and so forth is in the neighbourhood of 30 lakhs, and the causes referred to in the previous paragraph would have increased this, but for the special measures taken by Railway Administrationsto reduce establishments wherever possible.

Repairs and Maintenance.

9. The cost of repairs and maintenance of our works and rolling stock shows a very big decrease in the present year. Neglecting the adjustment of 84 lakhs already referred to, the reduction we expect at present is very nearly a crore. Our net cost of repairs and maintenance of Way and Works, taking all credits into account, is expected to be 5,87 lakhs against 6,07 lakhs last year, and the expenditure would have been about 12 lakhs lower still but for certain adjustments of past transactions on the Madras and Southern Mahratta Railway and the writing off on the Great Indian Peninsula Railway of the capital cost of a small line which has been dismantled, part of which is charged to revenue and part to Depreciation Fund. This reduction has been rendered possible only by the special efforts that every Railway Administration has been making to economise expenditure. We have had a selected officer on special duty who has co-ordinated the work on the engineering side on the different State-managed Railways, and has introduced many valuable changes which will, we hope, result not merely in a temporary decrease of expenditure, but will enable us to get a much better control over engineering expenditure than we at present possess. The main directions in which economies have been initiated during the current year are in repairs and maintenance of track services, buildings, residential quarters and station machinery; but care has been taken to see that, while no expenditure should be incurred on non-essentiais, the standard of maintenance necessary to secure the safe passage of trains should not be lowered, and railway property should not be allowed to deteriorate.

On repairs to rolling stock, we expect at present to spend 8,85 lakhs net against 9,57 last year. Over 20 lakhs of the reduction is due to the larger credits that we expect this year from returned material, but nearly half a crore represents a real decrease.

Operation.

10. Our total cost of operation is now put at 24,90 lakhs which is 49 lakhs less than the expenditure last year. The actual decrease is 71 lakhs, for last year's real expenditure was marked by a credit of 22 lakhs, due to arrear adjustments

of hire charges and other payments between railways which ought not ordinarily to affect our accounts to any considerable extent. More than half (41 lakhs) of this decrease is under Fuel and is directly due to the reduction in traffic mileage, the rate at which we purchased coal being somewhat higher this year.

Finally, the share of the expenditure which is debited to worked lines is 65 lakhs lower than in 1929-30, mainly owing to the purchase of the Southern Punjab Railway from 1st January 1930.

Other expenses.

11. The amount which we have to pay to the Depreciation Fund grows with our capital expenditure, and is 45 lakhs higher this year than last; consequently our total net working expenses are only 96 lakhs below last year. The surplus profits payable under the relevant contracts to Companies and Indian States will be 37 lakhs lower: part of the decrease is of course due to the payment last year to the Burma Railways Company of their share, amounting to 19 lakhs, of the profits for the nine months ending December 1928. The rest is due to the disappointing traffic receipts in 1929-30 as compared with the previous year.

Interest Charges.

12. Interest charges on the other hand show an increase of nearly 2¼ crores. Part of this is of course due to the increase in our capital at charge, owing to the new lines and open line works which are in course of construction. Partly, however, it is due to a change in the method of calculating the average rate of interest on capital outlay after 1916-17. The previous procedure had been to arrive at the rate by dividing the total interest charges on loans floated after that date by the *nominal* amount of debt outstanding. This did not represent the actual cost of borrowing as it did not make allowance for the circumstance of loans floated at a discount or a premium. It was decided, therefore, to substitute in the calculation the actual amounts realised for the nominal amounts. This has resulted in an increase of approximately one-third of one per cent. in the rate and of about a crore in the annual interest charges borne by railway revenues both in this year and the next.

B.—Strategic Lines.

13. *Strategic Lines.*—The usual figures are given in the statement below :—

(Figures in lakhs of rupees.)

	Accounts, 1929-30.	1930-31.	
		Budget.	Revised.
Gross traffic receipts	1,59	1,64	1,40
Interest on balances of Depreciation Fund	3	4	5
Total Receipts	1,62	1,68	1,45
Working expenses (including depreciation)	2,09	2,09	2,17
Interest charges	1,40	1,38	1,47
Miscellaneous charges	..	1	..
Total Charges	3,49	3,48	3,64
Net loss in working	1,87	1,80	2,19

We need not dwell on the reduction in traffic receipts, nor on the increase in interest charges which are due to the same causes as in commercial lines: the increase in working expenses of 8 lakhs is explained by the debit to Revenue of the cost of the dismantled Decauville Railway.

C.—Summary of results.

14. Our total receipts from commercial lines, will, on these estimates amount to 95·33 crores, or 7·83 crores below last year's figure. Our total charges will be 98,26 crores, or a crore more than last year. This leaves us with a deficit of 2·93 crores. The loss on strategic lines of 2·19 crores brings up the total loss on all lines to 5·12 crores. Our contribution to General Revenues for the year 1930-31 amounts to 5·74 crores, which includes 52 lakhs, as 1/5 of the surplus of the year 1928-29, which we have to pay this year to General Revenues. To meet our total deficit in working, as well as to pay the contribution we have to draw on our reserves to the extent of 10·86 crores leaving a balance of 5·48 crores.

Withdrawals from the Depreciation Fund are expected to be 9 crores against a payment into the fund of 13·05 crores, and the balance at credit of the Fund should be increased to 16·29 crores at the end of the year.

1931-32.

A.—Commercial Lines.

15. The principal figures of the estimates for 1931-32 for commercial lines are compared in the following statement with our present estimate for the current year :—

(Figures in lakhs of rupees.)

	Revised, 1930-31.	Budget, 1931-32.
Gross traffic receipts	93,75	99,65
Deduct—refunds of revenue	15	15
Total	93,60	99,50
Government share of profits, etc., from subsidised companies	21	18
Interest on balances of depreciation and reserve funds	1,34	1,18
Dividends on investment in branch lines and other miscellaneous receipts.	18	16
Total Receipts	95,33	1,01,02
Working expenses (including depreciation)	65,13	64,40
Surplus profits paid to Indian States and Railway companies	1,15	75
Interest charges	31,29	32,09
Miscellaneous charges	69	60
Total Charges	98,26	97,84
Gain from commercial lines	—2,93	3,18

Gross traffic receipts.

16. The gross traffic receipts for 1931-32 are estimated at 99½ crores or about 6 crores higher than this year. The estimate includes an amount of between 1½ and 2 crores for minor alterations of rates and fares; which raise no question of principle, and, as a whole, can be undertaken by Railways without higher sanction. It also allows for increased receipts for the extra day we have in

the next financial year, owing to 1932 being a leap year. For the rest, the estimate assumes that 1931-32 will see a modest improvement in traffic over the abnormally low figures of the current year, and that some further assistance will be obtained from other changes in rates and fares that are being investigated. It has unfortunately to be recognised that in present conditions the reductions made in recent years in both fares and rates have not achieved their object of stimulating traffic; and the depletion of our reserve makes it inevitable that railways should not only cut down expenditure in every possible direction but should explore all avenues by which their receipts can be increased without accentuating the present economic depression.

17. The estimates of earnings are compared in more detail with the current year's latest estimates in the statement below :—

(Figures in lakhs of rupees.)

	Revised, 1930-31.	Budget, 1931-32.
Passenger earnings	32,64	34,40
Other coaching traffic earnings	5,21	5,73
Total	37,85	40,13
Goods earnings	59,50	62,88
Other earnings	1,53	1,85
Total	98,94	1,04,86
Deduct—		
Refunds of revenue	15	15
Worked lines	5,19	5,21
Net total	93,60	99,50

Other receipts.

18. The additions to our Depreciation Fund during this year and the next have not made up for the continued withdrawals from our reserve fund, and the interest on the balances of the two funds together is 16 lakhs lower than in the current year.

19. The estimates of working expenses are given in the following table with the current year's figures for comparison.

(Figures in lakhs of rupees.)

	Revised, 1930-31.	Budget. 1931-32.
Administration	14,30	14,00
Repairs and Maintenance	15,95	15,22
Operation	24,90	24,88
Depreciation	12,63	13,00
Total	67,78	67,10
Deduct—Worked lines	2,65	2,70
Net working expenses	65,13	64,40

20. Our budget estimate of ordinary working expenses during 1931-32 is 1,05 lakhs below our present estimate for the current year. The real reduction in expenditure foreshadowed by the estimate is, however, considerably larger, for the current year's expenditure has been specially reduced by the credit of 84 lakhs from the Depreciation Fund already mentioned.

We realise that unremitting attention to the details of every item of expenditure, however small, will be needed to secure this result ; for, in some directions increased outlay is unavoidable. Additional staff must be engaged to give effect to the new hours of employment regulations, and the full expense of the recent increases in the wages of lower paid staff will only be felt next year ; there will be the cost of maintaining and operating nearly nine hundred miles of new lines which we expect to be opened this year and next ; and lastly the moderate increase in traffic, for which we are estimating, requires some extra provision for its carriage. (We are allowing for an increase of 25 lakhs under Fuel). It is only by the exercise of the most rigid economy in every direction that Railway Administrations will succeed in keeping their expenditure within the limits which we have imposed on them, and the task will require not only constant supervision by the Railway Board, Agents and their principal officers, but also ungrudging co-operation from every railway official. We are confident that it will be given.

We wish to mention some of the principal measures which we propose to take to reduce our working costs. The scale of establishment, particularly temporary establishment, and of contingent charges in every office will be carefully scrutinised to see whether, possibly with some change in the system of work, it cannot be reduced without loss of efficiency. We can hardly expect striking reductions in any one office, but from the combined effect of all such economies we hope not only to cover the normal growth of about 30 lakhs in the charges under 'Administration' but to obtain a reduction of the same amount in these charges. By reducing the strength of permanent way gangs, particularly on branch lines and sidings ; by the elimination of temporary gangs ; by economising the use of materials and cutting down the numbers of ballast trains ; by reducing, as far as is possible without risking depreciation in the value of the property, the cost of maintaining and repairing structures and buildings and by the employment for this purpose of cheaper material ; and in fact by lowering the previous standard of maintenance where this can be done without prejudice to safety or any real harm to the property, we aim at saving over a crore in the cost of repairing and maintaining way and works compared with the expenditure in 1929-30, and over 70 lakhs compared with the expenditure anticipated this year, in which some of these measures have already been adopted. We think that, without risk of deterioration, the newer rolling stock now on the line can be kept in proper condition with less frequent overhaul in workshops ; for example, that it should be sufficient for wagons recently purchased to go into shops after 36 months in traffic instead of after 24. By these and other means it is our object to keep the expenditure on repairing and maintaining rolling stock 70 lakhs below the figure of 1929-30 and 56 lakhs below the probable figure of this year. We are also reducing substantially the allotments for machinery, tools and plant, and miscellaneous expenditure. On the operation side we cannot, in view of this year's increases in the wages of lower paid employés and the necessity of engaging more staff to fulfil our obligations under the Washington and Geneva conventions, expect any large savings in the cost

of station and running staff, particularly as we are anticipating some increase of traffic. On the other hand, by rigid measures of economy, we expect reductions, which are in the aggregate substantial, in the expenditure on contingent charges, stationery, forms and tickets, stores, and other miscellaneous charges Railway administrations have been asked to review their train services with the object of abolishing those which are not found to be sufficiently well patronised, and therefore not to fulfil a real public need. As a whole we are, in spite of the expectation of some improvement in traffic, budgeting for a reduction of 27 lakhs in the cost of operation, exclusive of fuel.

21. Under the rules governing the transactions of the Depreciation Fund, 37 lakhs more than in the previous year have to be placed to the credit of the fund from revenue.

22. The growth in our interest charges is due to the growth in our capital outlay, the rate for the two years being about the same. The surplus profits paid to Indian States and Railway Companies show, however, a large decrease of 40 lakhs. The surplus profits payable next year depend, in almost all cases, on the traffic receipts of this year, and reflect this year's abnormal depressed conditions.

Strategic Lines.

23. The figures of the revised estimate for 1930-31 and the budget estimate for 1931-32 are given in the following table :—

(Figures in lakhs of rupees.)

	Revised, 1930-31.	Budget, 1931-32.
Gross receipts	1,40	1,50
Interest on balances of depreciation fund	5	7
Total receipts	1,45	1,57
Working expenses (including depreciation)	2,17	2,03
Interest charges	1,47	1,49
Miscellaneous charges	..	1
Total charges	3,64	3,53
Net loss in working	2,19	1,96

There is nothing special for comment on. There is expected to be a reduction in expenditure as compared with last year apart from that due to the adjustment in last year's accounts of the capital outlay on the Decauville Railway.

C.—Summary of Results.

24. If our estimates prove correct, the net result of next year's working should be considerably better than this year's. Our total receipts from commercial lines will be 101·02 crores, or 5·69 crores more than this year; while our charges ought to be 97·84 crores or 42 lakhs less. On these

estimates, we should obtain a surplus from commercial lines of 3·18 crores, as against a loss of 2·93 crores in the current year. Deducting 1·96 crores from the surplus to meet the loss on strategic lines, we are left with a balance of 1·22 crores. Our contribution to general revenues, which is based on the results of 1929-30 when there was no surplus, is 1 per cent. of the capital at charge at the end of 1929-30 less the loss on strategic lines in that year, and amounts to 5·36 crores. To pay this, we shall have again to draw upon our accumulated reserves to the extent of 4·14 crores, reducing the balance to 1·34 crores at the end of the year.

The balance of the Depreciation Fund, on the other hand, is expected to stand at 21·47 crores on the 31st March, 1932. We expect to withdraw only 8·25 crores, against 13·43 crores paid in according to the rules of the Fund.

Capital Expenditure.

25. When we prepared our budget last February, we expected to spend on the programme of works which we asked the Assembly to approve, a total amount of 25¼ crores of which 8½ crores was to be found from the Depreciation Fund and the balance of 16¾ crores was to be capital expenditure. Our present expectations are that the total expenditure on works will be 22¾ crores of which 14½ crores will be charged to capital The balance of 8¼ crores will be met from the Depreciation Fund which has in addition to provide ¾ of a crore for the rectification of the past erroneous adjustments to which we have referred. The total expenditure from the Depreciation Fund will thus, be 9 crores.

1930-31.

Of the saving of 2½ crores, half is under new construction, where we expect to spend only 3¾ crores against 5 crores originally provided. As we explained last year, our policy has been to concentrate entirely on pushing schemes already in hand through to completion, and the reduction in expenditure has not resulted in a reduction of the mileage opened during the year below that which we anticipated in preparing the budget. Under Open Line expenditure, the actual reduction is a crore and a quarter, of which a crore is under Capital. Part of it is due to the fact that, owing to the stringency of the tests, which every project had to pass through before finding a place in our next year's programme, where we are practically confining ourselves to carrying to completion works which have already been started, Railway Administrations found themselves compelled to give up the inception this year of certain works which they originally intended to start, but for the furtherance of which no funds could be provided next year.

26. From the reduced sum which it is possible to place at our disposal next year, it has been our first duty to provide adequately for the maintenance of the lines in a condition to carry traffic safely and economically, and for the completion of works already begun, including lines now under construction. Two hundred and ninety lakhs are allotted for capital expenditure on the latter, and should enable us to open all lines now being constructed to traffic except the Sagaing Bridge over the Irrawaddy, the Lucknow-Sultanpur-Zafarabad Railway, and a comparatirely small branch, the Tangla Belsiri in the north east of India ; and the allotment proposed should enable the Lucknow-Sultanpur-Zafarabad Railway to be opened to Sultanpur. Open line works in progress receive four hundred and ten lakhs of which ninety-eight lakhs will come from the Depreciation Fund, and with the expenditure of this sum only two of the works already in hand, the Dohad workshops on the Bombay, Baroda and Central India Railway, and the doubling of the

1931-32.

Cawnpore-Tundla section of the East Indian Railway, will require substantial amounts for their completion after 1931-32. The latter scheme is being taken up in three sections and the allotment proposed provides for the completion of the length from Tundla to Shikohabad, and the commencement of the length from Cawnpore to Phaphund. The doubling of these lengths alone will give considerable relief to the congestion on this important section of the East Indian Railway main line.

If our expectations of progress this year are fulfilled and the sums now proposed are allotted and spent, we estimate that the completion of all lines now under construction and all open line works in progress will not require more than three hundred and fifty seven lakhs after 1931-32, of which about forty-six lakhs will come from the depreciation fund.

It is above all essential that the track should be kept in a proper condition for the safe and efficient movement of traffic. We have not reduced the sums which are in our opinion needed for this purpose, and have provided just over 5½ crores for track renewals, of which about 4 crores will come from the depreciation fund.

Originally we prepared a programme for the purchase or manufacture of rolling stock involving the expenditure of 8,21 lakhs and obtained the approval of the Standing Finance Committee for Railways to this programme last May. It became quickly apparent, however, that it would not be possible to finance so large a programme without starving the works in progress and delaying their completion ; and we had therefore to weigh the relevant urgency of some of the less essential items in the rolling stock programme with that of the various works which we also desired to see financed. Meanwhile the continued fall in traffic had to a certain extent diminished the justification for the immediate purchase or manufacture of some of the items originally proposed for inclusion in the rolling stock programme for 1931-32. As a result of the investigation which we conducted on these lines in close consultation with the heads of Railway Administrations, the rolling stock programme has been reduced to one involving the expenditure of 5¼ crores, of which about 2¼ crores will come from the Depreciation Fund. It should be added that in order to keep our expenditure next year to the lowest possible figure consistent with the fulfilment of our obligation to carry traffic, the possibility of reducing our actual purchases of rolling stock by a redistribution of the existing stock between the various railways has been under continuous examination throughout the year, and we have found it practicable in this way to avoid purchases amounting to about Rs. 49⅓ lakhs. We have also been successful in arranging with the wagon building firms in this country, with whom the railways, orders for the purchase of wagons were placed, to take component parts which the railways had already in stock, thereby avoiding the expenditure of about Rs. 4 lakhs. Further, by reconditioning second hand wheels for use on new carriage and wagon stock we have been able to avoid buying new wheels abroad at a cost of about Rs. 12½ lakhs.

Lastly there are new works. The rate of interest which we shall probably have to pay in 1931-32 renders many otherwise attractive projects unremunerative, and with the future so uncertain we are unable to propose the inception of any large schemes, the completion of which would commit the Government of India to heavy expenditure in future years. The one exception is the Narbadda bridge on the Bombay, Baroda and Central India Railway of which the girders require renewing urgently. The existing bridge is 49 years old and the girders are of wrought iron (no longer used for this purpose) and

are much below strength for modern loads. This has entailed a speed restriction of 5 miles an hour being imposed, as a result of which every train takes 11 minutes to cross the bridge as against 1 minute that would be taken at 55 miles an hour if the girders permitted unrestricted speed. The Senior Government Inspector considers the renewal of these girders urgent in the interests of public safety. The renewal of this bridge is estimated to cost 87 lakhs, and we propose to make a beginning by spending nearly 15 lakhs on it next year. For the rest we have concentrated on the provision of those minor traffic facilities, and conveniences for railway employees and the public using the railway, most of which can be finished in one year, and none of which will commit us to large expenditure after 1931-32. One item in the programme of the Bengal Nagpur Railway—the doubling of the line between Kharagpur and Bhadrak—might seem a departure from this policy, in so far as it is estimated to cost 168 lakhs of which only 13½ lakhs are to be spent next year. But, for this sum, it should be possible to complete the sections between Kharagpur and Bemapur (6·97 miles) and Markona and Bhadrak (8·85 miles) with an immediate advantage in relieving congestion which by itself justifies the expenditure; so that the inclusion of this scheme in no way commits us to further expenditure in future years. For the rest the programme of new works, which is estimated to cost about 3½ crores in 1931-32 (including 1 crore, from the Depreciation Fund) will require for its completion in subsequent years only 1·10 crores of which about 51 lakhs will fall on the depreciation fund. Of this sum of 110 lakhs nearly three quarters of a crore are on account of the Narbadda bridge.

The total expenditure in 1931-32, on the works in our programme will be 21·70 crores, of which 8·25 crores will be met from the Depreciation Fund. Part of the materials required, to the extent of two crores, will however be found from our balance of stores in stock, and the actual money that we require on capital account is only 11·45 crores.

Conclusion.

27. We wish to acknowledge the assistance which we have received both from the Standing Finance Committee for Railways elected by the previous Assembly and from the members of the recently elected committee. The latter were called upon to consider our budget proposals at short notice and with only a limited time at their disposal, and we are specially grateful to them for the work which they had to perform at high pressure. We are glad that our proposals have throughout met with their approval.

T. G. RUSSELL,
Chief Commissioner of Railways.

A. A. L. PARSONS,
Financial Commissioner of Railways.

NEW DELHI;

The 1st March 1931.

APPENDIX I.

CAPITAL EXPENDITURE.

The total expenditure charged to capital and to the Depreciation Fund on State-owned railways in the three years 1929-30 to 1931-32 is set out in the table below :—

	Accounts, 1929-30.	1930-31.		Budget, 1931-32.
		Budget.	Revised.	
England—				
Sterling payments. £	12,712,740	3,772,500	4,290,000	2,437,500
Converted into rupees at 1s. 6d. to the rupee. Rs.	16,95,03,205	5,03,00,000	5,72,00,000	3,25,00,000
Exchange . . Rs.	11,76,735	..	7,04,000	..
Total England . Rs.	17,06,79,940	5,03,00,000	5,79,04,000	3,25,00,000
Probable throw forward Rs.	..	67,00,000	..	..
Net England . Rs.	17,06,79,940	4,36,00,000	5,79,04,000	3,25,00,000
India—				
Payments in India Rs.	24,87,72,049	20,89,00,000	17,70,96,000	16,45,00,000
Total England and India Rs.	41,94,51,989	25,25,00,000	23,50,00,000	19,70,00,000

The distribution of the above between capital and depreciation fund is as follows :—

Capital . . .	30,18,33,675	17,14,00,000	14,50,00,000	11,45,00,000
Probable throw forward . .	..	39,00,000	..	..
Net Capital .	30,18,33,675	16,75,00,000	14,50,00,000	11,45,00,000
Depreciation Fund .	11,76,18,314	8,78,00,000	9,00,00,000	8,25,00,000
Probable throw forward . . .	..	28,00,000	..	..
Net Depreciation Fund	11,76,18,314	8,50,00,000	9,00,00,000	8,25,00,000

2. The statement below gives a comparison of the allotments made for open lines and lines under construction during the same period (*viz.*, 1929-30 to 1931-32) under commercial and strategic lines separately :—

(Figures in thousands of rupees.)

	Accounts, 1929-30.	Revised Estimates, 1930-31.	Budget Estimates, 1931-32.
Commercial.			
Purchase price of Southern Punjab Railway .	7,04,55	..	..
Purchase of branch line shares . . .	1,00	1,00	..
Open line (including rolling stock) . . . . Capital .	16,33,98	10,49,00	8,39,00
Dep. Fund .	*11,59,21*	*8,79,60*	*8,07,00*
Total open lines (Commercial) Capital .	23,39,53	10,50,00	8,39,00
Dep. Fund .	*11,59,21*	*8,79,60*	*8,07,00*
Lines under construction—Capital . .	6,50,37	3,75,00	2,89,00
Total Commercial . Capital .	29,89,90	14,25,00	11,28,00
Dep. Fund .	*11,59,21*	*8,79,60*	*8,07,00*
Total .	41,49,11	23,04,60	19,35,00
Strategic.			
Open line (including rolling stock) . . . . Capital	13,67	24,50	15,86
Dep. Fund .	*16,97*	*20,40*	*18,00*
Lines under construction—Capital . .	14,77	50	1,14
Total Strategic . . Capital .	28,44	25,00	17,00
Dep. Fund .	*16,97*	*20,40*	*18,00*
Total Commercial and Strategic Lines . . . . Capital .	30,18,34	14,50,00	11,45,00
Dep. Fund .	*11,76,18*	*9,00,00*	*8,25,00*
Total .	41,94,52	23,50,00	19,70,00

3. The distribution of the total budget grant of 19·70 crores for 1931-32 is as follows :—

(Figures in thousands of rupees.)

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
State Railways managed by the State.						
Burma Railways—						
New Construction—						
Myingyan Natogyi Paleik	..	..	..	30	..	30
Sagaing Bridge	..	..	..	20,00	..	20,00
Open Line Capital	10,05	31,95	42,00	..	..	..
Open Line Dep. Fund	*3,95*	*25,80*	*29,75*	..	..	..
Total Capital	**10,05**	**31,95**	**42,00**	**20,30**	..	**20,30**
Total Dep. Fund	*3,95*	*25,80*	*29,75*	..	..	..
Eastern Bengal Railway—						
New Construction—						
Kalukhali Kamarkhali Bhateapara.	..	..	..	20,00	..	20,00
Tangla Belsiri	..	..	..	12,00	..	12,00
Open Line Capital	26,55	47,95	74,50	..	..	..
Open Line Dep. Fund	*2,25*	*72,25*	*74,50*	..	..	..
Total Capital	**26,55**	**47,95**	**74,50**	**32,00**	..	**32,00**
Total Dep. Fund	*2,25*	*72,25*	*74,50*	..	..	..
East Indian Railway—						
New Construction—						
Calcutta chord	..	..	..	33,70	..	33,70
Lucknow Sultanpur Zafarabad.	..	..	..	36,00	..	36.00
Open Line Capital	32,20	95,60	1,27,80	..	..	..
Open Line Dep. Fund	*31,50*	*85,25*	*1,16,75*	..	..	..
Total Capital	**32,20**	**95,60**	**1,27,80**	**69,70**	..	**69,70**
Total Dep. Fund	*31,50*	*85,25*	*1,16,75*	..	..	..

Railways.		Open Lines.			New Construction.		
		Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
Great Indian Peninsula Railway—							
New construction—							
Darwha Pusad		..	..	..	3,70	..	3,70
Open Line	Capital	40,80	73,15	1,13,95	..	..	..
	Dep. Fund	*36,70*	*67,05*	*1,03,75*			
Total	Capital	**40,80**	**73,15**	**1,13,95**	**3,70**	..	**3,70**
	Dep. Fund	*36,70*	*67,05*	*1,03,75*			
North-Western Railway—Commercial lines—							
New construction—							
Chiniot Kushab		..	..	..	3,37	..	3,37
Kalabagh Bridge		..	..	..	9,21	..	9,21
Kangra Valley		..	..	..	64	..	64
Sind Left Bank Feeders		..	..	..	29,68	..	29,68
Open Line	Capital	20,30	68,45	88,75	..	..	..
	Dep. Fund	*21,80*	*87,20*	*1,09,00*			
Total	Capital	**20,30**	**68,45**	**88,75**	**42,90**	..	**42,90**
	Dep. Fund	*21,80*	*87,20*	*1,09,00*			
North Western Railway (Strategic Lines)—							
New construction—							
Zhob Valley Railway Extension		..	..	..	1,14	..	1,14
Open Line	Capital	4,25	11,61	15,86	..	..	..
	Dep. Fund	*4,31*	*13,69*	*18,00*			
Total	Capital	**4,25**	**11,61**	**15,86**	**1,14**	..	**1,14**
	Dep. Fund	*4,31*	*13,69*	*18,00*			
State Railway Collieries		..	90	90	..	..	..
Total State Lines managed by the State.	Capital	**1,34,15**	**3,29,61**	**4,63,76**	**1,69,74**	..	**1,69,74**
	Dep. Fund	*1,00,51*	*3,51,24*	*4,51,75*			
	TOTAL	**2,34,66**	**6,80,85**	**9,15,51**	**1,69,74**	..	**1,69,74**

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
State Railways managed by Companies or Indian States—						
Assam Bengal Railway—						
New construction—						
Netrokona Mohangunj .	..	..	..	58	..	58
Senchoa Mairabari . .	..	..	..	75	..	75
Chittagong Fatikchari (Nazirhat) . . .	..	..	..	1,52	..	1,52
Chittagong Duhazari .	..	..	..	6,85	..	6,85
Open Line . { Capital .	15,45	5,70	21,15	..	..	..
{ Dep. Fund.	*2,80*	*9,20*	*12,00*	..	..	..
Total . { Capital .	**15,45**	**5,70**	**21,15**	**9,70**	..	**9,70**
{ Dep. Fund .	*2,80*	*9,20*	*12,00*	..	..	..
Bengal Nagpur Railway—						
New construction—						
Raipur Vizianagram .	..	..	..	65,00	..	65,00
Open Line . { Capital .	44,65	60,45	1,05,10	..	..	..
{ Dep. Fund .	*52,40*	*69,10*	*1,21,50*	..	..	..
Total { Capital .	**44,65**	**60,45**	**1,05,10**	**65,00**	..	**65,00**
{ Dep. Fund .	*52,40*	*69,10*	*1,21,50*	..	..	..
Bezwada Railway—						
Open Line . { Capital .	..	**55**	**55**	..	..	..
{ Dep. Fund .	..	..	..	..	..	..
Bengal and North-Western Railway (Tirhut Section)—						
New construction—						
Mashrak Thawe . .	..	..	..	2,60	..	2,60
Open Line . . { Capital .	14,70	3,85	18,55	..	..	..
{ Dep. Fund	*6,20*	*3,80*	*10,00*	..	..	
Total . { Capital .	**14,70**	**3,85**	**18,55**	**2,60**	..	**2,60**
{ Dep. Fund	*6,20*	*3,80*	*10,00*	..	..	..

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
Bombay, Baroda and Central India Railway—						
Open Line . Capital .	37,75	43,85	81,60	..	..	..
Open Line . Dep. Fund .	*32,50*	*65,40*	*97,90*	..	..	..
Total . Capital .	**37,75**	**43,85**	**81,60**	..	..	..
Total . Dep. Fund .	*32,50*	*65,40*	*97,90*	..	..	..
Dronachellam Kurnool Railway—						
Open Line . Capital .	..	**2,30**	**2,30**	..	..	..
Open Line . Dep. Fund .	..	..	..	..	..	..
Jodhpur Railway—						
Open Line . Capital .	..	**1,80**	**1,80**	..	..	..
Open Line . Dep. Fund.	*30*	*1,10*	*1,40*	..	..	..
Madras and Southern Mahratta Railway—						
Open Line . Capital .	26,70	44,75	71,45	..	..	..
Open Line . Dep. Fund .	*22,15*	*50,10*	*72,25*	..	..	..
Total . Capital .	**26,70**	**44,75**	**71,45**	..	..	..
Total . Dep. Fund .	*22,15*	*50,10*	*72,25*	..	..	..
Rohilkund and Kumaon Railway—						
Open Line . Capital .	**85**	**4,35**	**5,20**	..	..	..
Open Line . Dep. Fund .	*1,70*	*1,50*	*3,20*	..	..	..
South Indian Railway—						
New construction—						
Shoranur Nilambur .	..	..	..	—59	..	—59
Virudhunagar Tenkasi .	..	..	..	40	..	40
Madura Bodinayakanur .	..	..	..	1,00	..	1,00
Villupuram Trichinopoly .	..	..	..	4,49	..	4,49
Dindigul Pollachi . .	..	..	..	9,66	..	9,66
Cuddalore Vriddhachalam	..	..	..	3,00	..	3,00
Mayavaram Tranquebar .	..	..	..	6	..	6
Salem Metur Dam . .	..	..	..	13	..	13

Railways.	Open Lines.			New Construction.		
	Rolling Stock.	Other Items.	Total.	Lines in progress.	New Lines.	Total.
South Indian Railway—*concld.*						
New construction—concld.						
Trichinopoly Manamadura	..	..	..	7,32	..	7,32
Polachi Palghat . .	..	..	..	12,00	..	12,00
Salem Attur Vriddhachalam	..	..	..	5,63	..	5,63
Open Lines . { Capital	18,40	39,00	57,40	..	..	..
{ Dep. Fund	*7,95*	*39,05*	*47,00*	..	..	..
Total { Capital .	**18,40**	**39,00**	**57,40**	**43,10**	..	**43,10**
{ Dep. Fund	*7,95*	*39,05*	*47,00*	..	..	..
Total State Railways managed by Companies or Indian States . { Capital .	**1,58,50**	**2,06,60**	**3,65,10**	**1,20,40**	..	**1,20,40**
{ Dep. Fund	*1,26,00*	*2,39,25*	*3,65,25*	..	..	..
Total .	**2,84,50**	**4,45,85**	**7,30,35**	**1,20,40**	..	**1,20,40**
Total all State Railways. { Capital .	**2,92,65**	**5,36,21**	**8,28,86**	**2,90,14**	..	**2,90,14**
{ Dep. Fund	*2,26,51*	*5,90,49*	*8,17,00*	..	..	..
Staff quarters . .	..	**20,00**	**20,00**	..	..	..
For emergencies . . .	..	**6,00**	**6,00**	..	..	..
	..	*8,00*	*8,00*	..	..	..
Total . { Capital .	**2,92,65**	**5,62,21**	**8,54,86**	**2,90,14**	..	**2,90,14**
{ Dep. Fund	*2,26,51*	*5,98,49*	*8,25,00*	..	..	..
Grand Total .			**11,45,00**			
			8,25,00			

NOTE.—Figures in italics represent expenditure from the depreciation fund.

Open Line Works.

4. *Engineering, structural and other works.*—The following is the distribution of the proposed expenditure among the various classes of works comprised in this group:—

(Figures in lakhs of rupees.)

	Capital.	Depreciation Fund.	Total.
(1) Track	158	399	557
(2) Bridges	88	81	169
(3) Traffic facilities	227	65	292
(4) Workshops and Loco sheds	99	24	123
(5) Staff quarters { Ordinary	41	6	47
(5) Staff quarters { Special	20	..	20
(6) Welfare Works	19	2	21
(7) Electric installations	13	2	15
(8) Signalling and interlocking	17	4	21
(9) Electrification of track	14	1	15
(10) Removal of infringements	2	..	2
(11) Ferries	..	1	1
(12) Collieries	18	..	18
(13) Emergencies	6	8	14
(14) Other Works	40	6	46
(15) Suspense (Reduction of stores balances)	—200	..	—200
Total	562	599	1,161

(1) and (2). *Track and Bridges.*—The general policy followed hitherto of strengthening and improving the track and bridges is being maintained. The special object of bringing these up to a standard fit for running without restriction the new heavy standard locomotives is kept in view, and provision has been made on all the principal railways to the greatest extent which funds permit for the renewals of rails, sleepers and girders.

Among the more important schemes of bridge renewal may be mentioned the Narbadda bridge on the Great Indian Peninsula Railway and the Kotri bridge on the North Western Railway, which are to be completed in 1931-32. Provision is also made for carrying on the work on the Roopnarayan bridge on the Bengal Nagpur Railway, which is expected to be finished in 1932-33. It is also proposed to commence work in 1931-32 on the Narbadda bridge of the Bombay, Baroda and Central India Railway, a renewal somewhat over due, and this work will be spread over 3 years.

On the East Coast section of the Bengal Nagpur Railway it is proposed to relay 25 miles at a cost of 2·41 lakhs (Capital) and some 9 lakhs (Depreciation). The work of the 115 lb. relaying in the colliery area of the

East Indian Railway will be continued and a provision of 16·20 lakhs Capital and 27·50 lakhs Depreciation has been made for doing 81 miles of this track renewal. In addition, on the East Indian Railway, it is proposed to relay with 90 lb. section rails 20 miles in the Dinapur Division and 10 miles on the Hardwar-Dehra Railway. The work of 90 lb. relaying on the Itarsi-Agra section on the Great Indian Peninsula Railway is to continue and a provision of 16 lakhs Capital and 25·25 lakhs Depreciation has been made. On the Eastern Bengal Railway, a provision has been made for relaying the Parbatipur-Siliguri section with 90 lb. rails and, on the North Western Railway, it is proposed to relay with the same section of rails 35 miles on the Delhi-Umbala-Kalka section. On the latter railway a substantial provision has also been made for sleeper renewal throughout the whole system of some 7,000 odd miles. For this a provision of Rs. 35 lakhs Capital and Rs. 55·50 lakhs Depreciation has been made in 1931-32.

(3) *Traffic facilities.*—Under the rearrangement of the programme, doubling and quadrupling schemes are now included under the head 'traffic facilities', and the only two items of this nature which call for remark are the completion of the Ishurdi-Abdulpur section on the Eastern Bengal Railway for which a provision of Rs. 8·73 lakhs Capital and Rs. ·27 lakhs Depreciation has been made, and a further instalment of Cawnpore-Tundla on the East Indian Railway for which Rs. 22·42 lakhs Capital have been provided.

The more important schemes which will be current in 1931-32 are :—

(Figures in lakhs.)

Name of schemes.	Estimated Cost.	Approximate outlay to end of 31st March 1931.	Provision for 1931-32.
Trichinopoly Junction and Fort Station remodelling (South Indian Railway)	59·65 *8·83*	53·33 *8·26*	6·32 ·57
Erode Junction remodelling (South Indian Railway)	52·57 *7.42*	29·36 *1·10*	11·00 *3·25*
Lengthening of sidings to 1,800 ft. in length on the Itarsi—Jabbulpur, Bhopal—Bina, Agra—Delhi sections (Great Indian Peninsula Railway)	18·31 *5·46*	2·99 *1·74*	12·23 *2·76*
Provision of additional crossing stations on the Nagpur main line (Bengal Nagpur Railway)	10·00 ..	.. ..	10·00 ..
Remodelling Naihati (Eastern Bengal Railway)	5·00 *1·00*	.. ..	5·00 *1·00*

NOTE—Figures in italics represent expenditure from the Depreciation Fund.

(4) *Workshops, Station and other buildings.*—The only important items under this head are as shown below :—

(Figures in lakhs.)

	Estimated cost.	Approximate outlay to end of 31st March 1931.	Provision for 1931-32.
Dohad (Scheme 'G') (Bombay, Baroda and Central India Railway)	43·68 *4·60*	5·99 *·01*	13·50 ..
Golden Rock (South Indian Railway)	318·04 *10·89*	314·04 *10·89*	4·00 —
Perambur shops (Madras and Southern Mahratta Railway) . . .	244·41 *35·75*	216·33 *17·48*	24·91 *12·23*

NOTE.—Figures in italics represent expenditure from the Depreciation Fund.

(5) *Staff quarters.*—Below is given a table showing the distribution of the proposed expenditure for carrying on the policy of providing, as far as possible good dwellings in healthy surroundings for a large proportion of the staff

(Figures in lakhs.)

Railways.	Officers' Quarters.		Other Quarters.		Total.
	Provision to complete bungalows under construction.	Provision for new bungalows.	Provision to complete quarters under construction.	Provision for new quarters.	
Assam Bengal .	.. ..	.. ..	1·30 ..	.. ..	1·30 ..
Bengal Nagpur.	.. ..	.. ..	1·46 *·08*	4·54 *2·06*	6·00 *2·14*
Bengal and North-Western	.. ..	.. ..	·10 *·16*	2·67 *·13*	2·77 *·29*

Railways.	Officers' Quarters.		Other Quarters.		Total.
	Provision to complete bungalows under construction.	Provision for new bungalows.	Provision to complete quarters under construction.	Provision for new quarters.	
Dhone Kurnool	..	..	·67	..	·67
	..	..	..	..	..
Bombay, Baroda and Central India.	..	·24	1·25	1·51	3·00
	..	..	*·05*	*·14*	*·19*
Burma . .	..	·28	1·50	·92	2·70
	..	..	..	*·95*	*·95*
East Indian .	..	..	7·15	4·20	11·35
	..	..	*·20*	*·98*	*1·18*
Great Indian Peninsula.	..	..	·69	..	·69
	..	..	..	..	..
Madras and Southern Mahratta.	..	..	·20	2·13	2·33
	..	..	..	..	..
North Western.	..	1·00	..	8·00	9·00
	..	..	..	*1·00*	*1·00*
Rohilkund and Kumaon.	..	..	*·01*	1·03	1·04
	..	..	..	*·09*	*·09*
South Indian .	..	..	..	·32	·32
	..	..	..	*·04*	*·04*
Jodhpur . .	..	..	..	·25	·25
	..	..	..	..	..
Total .	..	1·52	14·33	25·57	41·42
	..	..	*·49*	*5·39*	*5·88*

NOTE.—Figures in italics represent expenditure from the Depreciation Fund.

In addition to these sums a provision of Rs. 20 lakhs has been made mainly for additional quarters required in order that the Washington and Geneva Conventions may be given effect to which will be distributed to Railway Administrations later as their schemes are ready.

(9) *Electrification of Track.*—The year 1930-31 has seen the final opening of all the electrification schemes in the Bombay area on the Bombay, Baroda and Central India and Great Indian Peninsula Railways. A small provision of Rs. 10·29 lakhs Capital has, however, been made in 1931-32 for additional facilities required and for completion of all works in the Great Indian Peninsula Railway main line electrification scheme.

The South Indian Railway Suburban electrification schemes in the Madras area are expected to be completed in 1931-32, and a provision amounting in all to Rs. 8·45 lakhs Capital and 1·06 lakhs Depreciation has been made for the purpose.

5. *Amenities for passengers.*—The statement below shows the expenditure proposed from Capital and Depreciation Fund in 1931-32 on the various categories under which these amenities are usually subdivided.

(Figures in thousands.)

Railways.	Water supply.	Waiting rooms and halls.	Indian refreshment rooms.	Booking facilities.	Latrines and sanitary arrangements.	Raised platforms.	Additions and betterments to lower class carriages.	Total.
1. Assam Bengal . .	5	15	20	..	15	..	3,85	4,40
2 Benga Nagpur . .	8	95	10	2	..	4	4,39	5,53
3. Bengal and North Western.	9	6	..	..	..	3	5,43	5,61
4. Bombay, Baroda and Central India.	1	23	2	7	1	85	20,77	21,96
5. Burma . . .	..	..	..	..	10	7	46	63
6. Donachellam Kurnool	..	..	5	..	..	..	..	5
7. Eastern Bengal . .	3	5	..	4	..	13	12,17	12,42
8. East Indian . .	1,20	52	10	74	54	..	13,15	16,25
9. Great Indian Peninsula	8	34	16	..	10	..	9,46	10,14
10. Jodhpur . . .	..	7	..	..	..	..	..	7
11. Madras and Southern Mahratta.	10	25	6	..	20	20	3,64	4,45
12. North Western . .	1,70	1,14	30	80	34	2,00	..	6,23
13. Rohilkund & Kumaon	..	..	..	..	..	..	5	5
14. South Indian . .	24	1,98	1,19	41	47	86	2,36	7,51
TOTAL .	3,53	5,74	2,18	2,98	1,91	4,18	75,73	95,35

6. *Rolling Stock.*—Of the total amounts provided for expenditure on rolling stock during 1931-32, 104·81 lakhs (of which 53·74 lakhs are from the Depreciation Fund) are for completion of works sanctioned in previous programmes. The expenditure on new items is shown in the statement below.

	Broad Gauge.				Metre
	Additions.	Renewals.		Total.	Additions.
	Capital.	Capital.	Depreciation Fund.	Capital.	Capital.
I.—Locomotives—					
(a) Engines and Tenders .	..	4,20	34,86	4,20	9,24
(b) Boilers . . .	3,20	88	19,84	4,08	..
(c) Superheating of Locomotives .	..	4,92	8,81	4,92	..
II.—Coaching Stock—					
(a) I and II Class . .	21,05	8,57	9,12	29,62	36
(b) Inter and III Class . .	18,83	11,71	10,64	30,54	1,26
(c) Other composite coaches . . .	15,33	11,42	9,53	26,75	3,24
(d) Miscellaneous expenditure . . .	..	—3	5	—3	20
III.—Goods Stock—					
(a) General Service .	14,13	46,16	55,52	60,29	9,82
(b) Other types . .	6,37	5,93	4,47	12,30	2,50
(c) Miscellaneous expenditure . . .	..	..	..	..	..
Total ..	78,91	93,76	1,52,84	1,72,67	26,62

(Figures in thousands of rupees.)

Gauge.			Narrow Gauge.				Grand Total.	
Renewals.		Total.	Additions.	Renewals.		Total.		
Capital.	Depreciation Fund.	Capital.	Capital.	Capital.	Depreciation Fund.	Capital.	Capital.	Depreciation Fund.
4,43	9,71	13,67	..	1,50	2,01	1,50	19,37	46,58
30	3,80	30	..	..	61	..	4,38	24,25
8	2,38	8	..	..	..	..	5,00	11,19
40	65	76	44	..	..	44	30,82	9,77
..	5	1,26	72	35	59	1,07	32,87	11,28
2,45	2,68	5,69	14	66	1,03	80	33,24	13,24
87	..	1,07	..	..	..	..	1,04	5
5,12	10,07	14,94	..	..	..	..	75,23	65,59
3,57	1,80	6,07	15	24	5	39	18,76	6,32
87	5	87	..	..	..	..	87	
18,09	31,19	44,71	1,45	2,75	4,29	4,20	2,21,58	1,88,32

The programme provides for the construction of new units of stock shown in the table below, all of which, however, will not necessarily be completed and be available for use before the 31st March 1932.

	Broad Gauge.			Metre Gauge.		
	Additions No.	Renewals No.	Total No.	Additions No.	Renewals No.	Total No.
1. Locomotive engines	..	65	65	15	41	56
2. Coaching vehicles (in terms of four-wheelers)—						
(*a*) I and II class	70	64	134	2	10	12
(*b*) Inter and III class . .	124	76	200	26	..	26
3. Goods wagons (in terms of four-wheelers) . .	220	2,333	2,553	480	608	1,088

NOTE.—The figures in this paragraph are exclusive of Inter and III class composite coaches to be built with luggage, brakes, postal compartments, and restaurant cars, multiple coaches, etc. The figures for goods stock represent the number intended for the carriage of goods for the general public and exclude all special types of goods stock such as oil tanks, rail and timber trucks, sheep vans, ballast wagons, motor vans, store vans, etc.

The following statement shows in terms of four-wheeler the details of the new units of coaching and goods stock which will be constructed as *additions* to the authorised stock of the railways :—

Railways.	I and II Class coaching vehicles.		Inter and III Class coaching vehicles.		Goods wagons. General Service.	
	Broad Gauge.	Metre Gauge.	Broad Gauge.	Metre Gauge.	Metre Gauge.	Broad Gauge.
East Indian . .	18	..	..	..	..	..
Eastern Bengal .	8	..	50	8	150	..
Great Indian Peninsula . . .	24	..	22	..	..	100
Bombay, Baroda and Central India .	8	..	44	..	..	..
South Indian . .	12	2	6	6	..	..
Madras and Southern Mahratta . .	..	..	2	..	230	120
Assam Bengal. .	..	..	..	12	100	..
Total .	70	2	124	26	480	220

NOTE.—The above figures exclude composite coaches having compartments for classes other than those specified.

New construction.

7. A complete list of new lines, whether under construction or likely to be commenced during the year 1931-32, for which the allotment of 2·90 crores proposed for new construction is intended, is given in the demands for grants for new construction of commercial and strategic lines. The total mileage of these new lines excluding that of the lines to be opened in 1930-31 aggregates 797 miles. The additions to the several main systems are indicated in the tabulated statement below :—

Railway system.	Mileage of lines in progress.	Mileage of lines, the construction of which has been sanctioned but not yet commenced.	Mileage of unsanctioned lines.	Total.
Assam Bengal	25	..	..	25
Bengal Nagpur	147	..	..	147
Bengal and North Western . .	40	..	..	40
Eastern Bengal	106	..	..	106
East Indian	146	..	..	146
Great Indian Peninsula . . .	43	..	..	43
North Western	174	..	..	174
South Indian	116	..	..	116
Total .	797	..	..	797

8. It is expected that about 303 miles of railway will be opened in the current year and about 583 miles in 1931-32. The details are as follow :—

Lines opened and to be opened in 1930-31.

Name of project.	*No. of miles*
Assam Bengal Railway—	
Dhing Bazar Mairabari	3
Bengal Nagpur Railway—	
Jemadipeta-Rayaghada	9
Harishankar Road Titalagarh	35
Rayaghada to mile 90	12
Bengal and North Western Railway—	
Mashrak Thawe	40
Bombay, Baroda and Central India Railway—	
Vasad-Katana	27
Burma Railways—	
Nyaungdo-Kyaukpadaung	11
East Indian Railway—	
Unao-Madhoganj	48
Central India Coalfields Railway—	
(1) Manendragarh-Jhagrakhund siding	2
(2) Manendragarh-Chirmiri siding	13
North Western Railway—	
Mahrabpur Padidan	44
South Indian Railway—	
Pudukkottai Manamadura	60
Total	304

Lines expected to be opened during 1931-32.

	Mileage.
Assam Bengal Railway—	
Chittagong Duhazari . . .	25
Bengal Nagpur Railway—	
Raipur-Parvatipuram section of Raipur Vizianagram Railway (part)	74
Eastern Bengal Railway—	
Kalukhali-Bhateapara	53
East Indian Railway—	
Calcutta Chord Railway . . .	10
Lucknow-Sultanpur-Zafarabad . .	136
Great Indian Peninsula Railway—	
Dharwa Pusad	43
North Western Railway—	
Chiniot-Khushab Railway Shahpur City-Khushab. . .	6
Sind Left Bank feeders—	
Tharushah-Sakrand	66
Tando Adam-Nawabshah. . . .	54
South Indian Railway—	
Salem-Attur-Vriddhachalam . . .	83
Pollachi Palghat	33
Total .	583

APPENDIX II.

Capital expenditure on State-owned Railways.

(Figures in thousands of rupees.)

Railways.	Accounts, 1929-30.	To end of 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	To end of 1931-32.
Open Lines.					
State Railways managed by State—					
Aden (Commercial) . .	—9,47	4,56	..	..	4,56
Burma	1,15,41	30,06,80	45,00	42,00	30,93,80
Eastern Bengal . .	1,44,50	47,99,81	85,00	74,50	49,59,31
East Indian . .	2,32,69	1,36,60,06	1,50,00	1,27,80	1,39,37,86
Great Indian Peninsula .	3,54,00	1,14,97,96	2,15,00	1,13,95	1,18,26,91
North Western . .	1,73,35	99,44,58	1,10,00	88,75	1,01,43,33
Strategic Lines . .	13,67	28,41,76	24,50	15,86	28,82,12
Miscellaneous . .	3,75	2,39,37	..	..	2,39,37
Abandoned projects . .	..	32,26	..	..	32,26
Total State Railways managed by State . .	10,27,90	4,60,27,16	6,29,50	4,62,86	4,71,19,52
State Railways managed by Companies or Indian States—					
Assam Bengal	44,99	20,47,87	38,00	21,15	21,07,02
Bengal Nagpur . .	1,57,35	70,77,82	65,00	1,05,10	72,47,92
Bengal and North-Western (Tirhut) . . .	8,70	9,33,62	12,00	18,55	9,64,17
Bezwada Extension . .	14	17,64	5	55	18,24
Bombay, Baroda and Central India . .	1,44,52	71,46,92	1,35,00	81,60	73,63,52
Dronachellam Kurnool Railway Extension . .	36	10,48	2,00	2,30	14,78
Jodhpur . .	88	83,72	50	1,80	86,02
Madras and Southern Mahratta . . .	1,52,46	54,36,91	79,00	71,45	55,87,36
Rohilkund and Kumaon (Lucknow Bareilly) .	—99	1,54,89	1,45	5,20	1,61,54
South Indian . . .	1,09,88	31,43,12	1,09,00	57,40	33,09,52
Total State Railways managed by Companies or Indian States . .	6,18,29	2,60,52,99	4,42,00	3,65,10	2,68,60,09

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

Railways.	Accounts, 1929-30.	To end of 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	To end of 1931-32.
Brought forward . .	16,46,19	7,20,80,15	10,71,50	8,27,96	7,39,79,61
Open Lines—*contd.*					
State Railway Collieries .	1,46	99,02	2,00	90	1,01,92
Total Open Lines .	16,47,65	7,21,79,17	10,73,50	8,28,86	7,40,81,53
Lines under Construction.					
State Railways managed by State—					
Burma Railways—					
Pyinmana Taungdwingyi	9	70,94	..	..	70,94
Segyi Ye U . . .	—1	13,84	..	..	13,84
Pegu Kayan . .	5	54,29	..	..	54,29
Heho Shevenyaung .	24	26,64	2	..	26,66
Mandalay Madaya .	44	13,69	..	..	13,69
Taungdwingyi Kyaukpadaung . . .	14,80	92,55	3,00	..	95,55
Sagaing Bridge . .	19,29	49,61	6,48	20,00	76,09
Myingyan Natogyi Paleik	17,86	63,70	3,00	30	67,00
Kayan Thongwa . .	1,23	14,23	10	..	14,33
Nyaunglebin Madauk .	2,51	12,06	50	..	12,56
Taungdwingyi-Minbu Pakokku—					
(*a*) Taungdwingyi Patanago . . .	27,57	57,18	—10	..	57,08
(*b*) Patanago Malun Pakokku . . .					
Total .	**84,07**	**4,68,73**	**13,00**	**20,30**	**5,02,03**

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

Railways.	Accounts, 1929-30.	To end of 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	To end of 1931-32.
Lines under Construction —*contd.*					
State Railways managed by State—*contd.*					
Eastern Bengal Railway—					
Baruipur Lakshmikantapur	7,99	25,50	2,75	..	28,25
Dinajpur Ruhea	44	26,49	10	..	26,59
Tangla Belsiri	2,17	2,17	8,25	12,00	22,42
Dacca Aricha	1,74	2,79	75	..	3,54
Kalukhali-Kamarkhali Bhateapara	13,35	17,21	9,15	20,00	46,36
Nawabganj Abdulpur	21,60	80,41	3,25	..	83,66
Purnea Murliganj including Behariganj Branch	9,16	30,34	75	..	31,09
Total	**56,45**	**1,84,91**	**25,00**	**32,00**	**2,41,91**
East Indian Railway—					
Central Indian Coalfields	23,73	3,94,72	8,00	..	4,02,72
Calcutta Chord	64,09	2,08,70	66,00	33,70	3,08,40
Lucknow Sultanpur Zafarabad	26,35	34,69	20,00	36,00	90,69
Unao-Madhoganj	17,54	25,86	6,50	..	32,36
Chandpur-Bijnor Muazzampur Narian Branch	8,11	22,75	2,50	..	25,25
Total	**1,39,82**	**6,86,72**	**1,03,00**	**69,70**	**8,59,42**

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

Railways.	Accounts, 1929-30.	To end of 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	To end of 1931-32.
Lines under Construction—*contd.*					
State Railways managed by State—*concld.*					
Great Indian Peninsula Railway—					
Agra Bah	48	28,95	—25	..	28,70
Darwha-Pushad	8,69	11,81	12,14	3,70	27,65
Kartal Kamasin	19	2,36	1	..	2,37
Nasik Belapur Sheogaon	5	1,21	—2	..	1,19
Khamgaon-Chikli	87	1,87	10	..	1,97
Hiwar—khed-Akot-Akola Bassim (late Khandwa Hingoli)	1,60	2,99	..	..	2,99
Amraoti Narkhed	—3	99	2	..	1,01
Total	**11,85**	**50,18**	**12,00**	**3,70**	**65,88**
North Western Railway—					
Amritsar Narowal	—3,57	61,30	20	..	61,50
Kangra Valley	21,31	2,94,47	50	64	2,95,61
Shahdara Narowal	2	28,16	..	..	28,16
Jassar Shakargarh					
Chak Amru	14	16,01	..	..	16,01
Rohtak Gohana Panipat	9	24,55	—1	..	24,54
Lyallpur Jaranwala	—7	15,39	..	..	15,39
Chak Jhumra Chiniot	20	18,92	15	..	19,07
Khushab Chiniot	27,88	1,08,89	14,50	3,37	1,26,76
Lyallpur Chananwala	4,08	17,23	—5,00	..	12,23
Sind Left Bank Feeders	26,25	28,68	15,36	29,68	73,72
Batala Beas	1,79	16,04	—1,20	..	14,84
Kalabagh Bridge	8,88	29,20	10,00	9,21	48,41
Strategic Lines	14,77	4,96,96	50	1,14	4,98,60
Suspense	—22	3	..	..	3
Total	**1,01,55**	**11,55,83**	**35,00**	**44,04**	**12,34,87**
Total State Railways managed by State	**3,93,74**	**25,46,37**	**1,88,00**	**1,69,74**	**29,04,11**

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

Railways.	Accounts, 1929-30.	To end of 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	To end of 1931-32.
LINES UNDER CONSTRUCTION—*contd.*					
State Railways managed by Companies or Indian States—					
Assam Bengal Railway—					
Sibsagar Road Khawang . . .	19	31,79	1	..	31,80
Furkating Badulipara Jorhat . . .	43	31,23	40	..	31,63
Karimganj Longai Valley . . .	1,31	31,43	60	..	32,03
Netrakona Mohanganj . . .	1,60	19,18	30	58	20,06
Habiganj Shaistaganj Balia . . .	4,47	20,36	70	..	21,06
Senchoa Mairabari .	8,01	20,40	2,90	75	24,05
Feni Belonia . .	3,80	13,03	50	..	13,53
Chittagong Nazirhat .	7,64	18,52	2,25	1,52	22,29
Chittagong Dohazari .	22,63	23,56	18,33	6,85	48,74
Megna bridge at Bhairab	1	1	1	..	2
Total .	50,09	2,09,51	26,00	9,70	2,45,21
Bengal Nagpur Railway—					
Raipur Vizianagram .	92,26	2,96,87	1,12,90	65,00	4,74,77
Tumsar Road Tirodi .	5,81	39,77	—2,40	..	37,37
Guttitangar Branch .	1	2,05	..	..	2,05
Total .	98,08	3,38,69	1,10,50	65,00	5,14,19

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

Railways.	Accounts, 1929-30.	To end of 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	To end of 1931-32.
Lines under Construction—*contd.*					
State Railways managed by Companies or Indian States—*contd.*					
Bengal and North-Western Railway—					
Mashrak Thawe . .	10,43	11,46	6,00	2,60	20,06
Total .	10,43	11,46	6,00	2,60	20,06
Bombay, Baroda and Central India Railway—					
Jambusar Kavi . .	—5,85	..	..	..	..
Vasad Katana . .	9,59	16,92	..	..	16,92
Samni Dehej . .	—6,84	..	..	..	..
Boriavi Vadtal . .	—1,82	..	..	..	..
Thasra-Virpur . .	—1	..	..	..	..
Total	—4,93	16,92	..	..	16,92
Madras and Southern Mahratta Railway—					
Nidadavolu Narasapur .	—28	69,03	60	..	69,63
Cocanada Kotapam .	14,41	42,92	—10	..	42,82
Gudivada Bhimavaram .	1,76	40,73	10	..	40,83
Hotgi Sholapur . .	—6	7,55	35	..	7,90
Kannivihalli Swamihalli	..	5,76	5	..	5,81
Guntur-Gurzala-Macheria	13,56	44,28	2,50	..	46,78
Total .	29,39	2,10,27	3,50	..	2,13,77

APPENDIX II—*contd.*

(Figures in thousands of rupees.)

Railways.	Accounts, 1929-30.	To end of 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	To end of 1931-32.
Lines under Construction —*contd.*					
State Railways managed by Companies or Indian States —*contd.*					
South Indian Railway—					
Villupuram Trichinopoly	2,30	1,93,66	4,00	4,49	2,02,15
Virudunagar Tenkasi .	—44	68,39	50	40	69,29
Shoranur Nilambur .	17	79,49	50	—59	79,40
Dindigul Pollachi . .	—22	78,38	50	9,66	88,54
Trichinopoly Manamadura. . . .	27,21	98,47	13,00	7,32	1,18,79
Mayavaram Tranquebar	1,44	20,80	50	6	21,36
Madura Bodinayakanur	1,21	53,48	—20	1,00	54,28
Vriddhachalam Cuddalore	13	25,25	1,00	3,00	29,25
Salem Attur Vriddhachallam . . .	31,91	54,72	13,25	5,63	73,60
Pollachi Palghat . .	24,58	26,09	9,00	12,00	47,09
Salem Mettur Dam .	1,15	13,27	—5	13	13,35
Arantangi Manamadura .	—1,04	..	..	..	..
Total .	88,40	7,12,00	42,00	43,10	7,97,10

APPENDIX II—*concld.*

(Figures in thousands of rupees.)

Railways.	Accounts, 1929-30.	To end of 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	To end of 1931-32.
Lines under Construction—*concld.*					
State Railways managed by Companies or Indian States—*concld.*					
Nizam's Guaranteed State Railways—					
Dhone (Dronachalam) Kurnool Extension .	—6	15,40	—50	..	14,90
Total State Railways managed by Companies or Indian States . . .	2,71,40	15,14,25	1,87,50	1,20,40	18,22,15
Total Lines under Construction . .	6,65,14	40,60,62	3,75,50	2,90,14	47,26,26
Total Open Lines and Constructions .	23,12,79	7,62,39,79	14,49,00	11,19,00	7,88,07,79
Purchase of railways and branch lines shares .	7,05,55	7,58,31	1,00	..	7,59,31
Staff quarters . .	..	..	..	20,00	20,00
For emergencies .	..	..	..	6,00	6,00
Total Capital Expenditure .	30,18,34	7,69,98,10	14,50,00	11,45,00	7,95,93,10

APPENDIX III.

Gross receipts, working expenses, and net receipts of State-Owned Railways.

Gross Receipts.

(Figures in thousands of rupees.)

State Railways.	Accounts.					Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	M.	*M.*	*M.*	*M.*	*M.*	*M.*	*M.*
Open mileage at end of year . .	27,430	28,004	28,426	29,451	31,218	31,522	32,105
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State.							
Burma . . .	4,93,82	4,62,69	5,06,63	4,96,38	4,87,13	4,35,00	4,65,00
Eastern Bengal .	6,33,87	6,77,12	7,08,20	7,08,98	6,73,07	5,85,00	6,35,00
East Indian . .	19,92,11	19,77,51	20,66,35	20,41,85	19,85,18	18,25,00	19,00,00
Great Indian Peninsula . . .	14,79,90	14,80,21	15,22,67	15,44,00	14,58,35	13,25,00	14,25,00
North-Western—Commercial Lines .	13,78,32	14,18,70	14,09,84	14,31,69	14,39,21	15,00,00	16,00,00
Strategic Lines .	1,64,07	1,53,45	1,60,40	1,66,65	1,58,81	1,40,00	1,50,00
State Railways managed by Companies or Indian States.							
Assam Bengal .	1,64,51	1,76,28	2,05,22	2,07,56	2,05,24	1,94,00	2,05,00
Bengal Nagpur .	8,39,99	8,22,29	9,17,45	9,14,15	9,31,44	8,15,00	8,80,00
Bombay, Baroda and Central India .	12,25,95	11,35,35	11,45,28	11,96,98	11,51,68	10,75,00	11,35,00
Madras and Southern Mahratta . .	8,19,24	8,12,55	8,65,90	9,22,87	8,97,54	7,80,00	8,25,00
South Indian . .	5,44,12	5,48,91	5,80,67	5,63,24	6,32,74	6,00,00	6,35,00
Other Railways .	2,34,10	2,38,92	2,44,61	2,39,39	2,49,89	2,26,00	2,45,00
Total .	99,70,00	99,03,98	1,04,23,72	1,04,33,74	1,02,70,28	95,00,00	1,01,00,00

APPENDIX III—*contd.*

Working Expenses.

(Figures in thousands of rupees.)

State Railways.	Accounts.					Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State.							
Burma . . .	2,76,20	2,85,09	2,97,71	3,23,05	3,05,36	3,14,05	3,10,95
Eastern Bengal .	4,64,18	4,45,39	4,59,84	4,75,12	4,70,70	4,64,66	4,43,45
East Indian . .	12,22,71	12,02,37	12,15,10	12,28,09	12,42,14	11,62,10	11,62,95
Great Indian Peninsula . . .	10,68,03	10,42,40	9,91,02	10,17,61	10,19,72	10,39,20	10,13,50
North-Western—Commercial Lines .	8,96,08	9,64,47	10,01,22	10,10,18	10,63,78	10,96,10	10,41,70
Strategic Lines .	1,80,14	1,86,72	1,94,67	1,98,60	2,08,83	2,17,00	2,03,00
State Railways managed by Companies or Indian States.							
Assam Bengal .	1,07,50	1,12,94	1,21,04	1,27,24	1,40,14	1,41,45	1,41,25
Bengal Nagpur .	5,92,88	5,80,55	6,22,94	6,31,28	6,74,84	6,81,00	6,70,55
Bombay, Baroda and Central India .	7,44,89	7,30,62	7,20,04	7,48,88	7,40,25	7,32,90	7,04,55
Madras and Southern Mahratta . .	4,65,76	4,77,13	4,77,47	4,88,51	4,84,86	4,81,55	4,64,50
South Indian . .	3,15,56	3,04,69	3,13,80	3,23,20	3,44,12	3,55,12	3,59,75
Other Railways .	1,08,03	1,27,35	1,09,70	1,10,69	1,23,19	1,28,87	1,26,85
Credit from Depreciation Fund being net result of correction of certain past erroneous adjustments . .	..	..	..	..	..	—84,00	..
Total .	64,41,96	64,39,72	65,24,35	66,82,45	68,17,93	67,30,00	66,43,00

APPENDIX III—*concld.*

Net Receipts.

(Figures in thousands of rupees.)

State Railways.	Accounts.					Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1925-26.	1926-27.	1927-28.	1928 29.	1929-30.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State.							
Burma . . .	2,17,62	1,77,60	2,08,92	1,73,33	1,81,77	1,20,95	1,54,05
Eastern Bengal .	1,69,69	2,31,73	2,48,56	2,32,86	2,02,37	1,20,34	1,91,55
East Indian . .	7,69,40	7,75,14	8,51,75	8,13,76	7,43,04	6,62,90	7,37,05
Great Indian Peninsula . . .	4,11,87	4,37,81	5,31,65	5,26,39	4,38,63	2,85,80	4,11,50
North Western—Commercial lines .	4,82,24	4,54,23	4,98,62	4,21,51	3,75,43	4,03,90	5,58,30
Strategic lines .	—16,07	—33,27	—34,27	—31,95	—50,02	—77,00	—53,00
State Railways managed by Companies or Indian States.							
Assam Bengal .	57,01	63,34	84,18	80,32	65,10	52,55	63,75
Bengal Nagpur .	2,47,11	2,61,74	2,94,51	2,82,87	2,56,60	1,34,00	2,09,45
Bombay, Baroda and Central India .	4,81,06	4,04,73	4,25,24	4,48,10	4,11,43	3,42,10	4,30,45
Madras and Southern Mahratta . .	3,53,48	3,35,42	3,88,43	4,34,36	4,12,68	2,98,45	3,60,50
South Indian . .	2,28,56	2,44,22	2,66,87	2,40,04	2,88,62	2,44,88	2,75,25
Other Railways .	1,26,07	1,11,57	1,34,91	1,28,70	1,26,70	97,13	1,18,15
Credit from Depreciation Fund being net result of correction of certain past erroneous adjustments . . .	..	..	..	..	..	84,00	..
Total .	35,28,04	34,64,26	38,99,37	37,51,29	34,52,35	27,70,00	34,57,00

APPENDIX IV.

Statement showing gain or loss in working of State-Owned Railways.

(Figures in thousands of rupees).

	Actuals.					Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Commercial Lines.							
Receipts.							
Passenger Earnings	35,98,98 (b)	34,79,17	35,73,35	34,72,00	35,18,63	32,64,00	34,40,00
Other Coaching Traffic Earnings.	5,93,99	6,06,96	6,17,17	6,03,19	5,68,69	5,21,00	5,73,00
Goods Earnings	60,75,19	61,48,94	65,34,09	66,89,01	64,37,06	59,50,00	62,88,00
Other Earnings (*a*)	1,73,88	1,71,42	1,98,77	2,08,90	2,18,74	1,59,00	1,85,00
Total	1,04,42,04	1,04,06,49	1,09,23,38	1,09,73,10	1,07,43,12	98,94,00	1,04,86,00
Deduct—							
Refunds of revenue	(b)	35,03 (c)	13,55	15,33	14,52	15,00	15,00
Worked Lines	7,12,23	6,76,85	7,18,06	7,26,71	6,47,30	5,19,00	5,21,00
Suspense	35	—5,80	—9,36	—25,02	30,17	..	..
Net total	97,30,16	96,88,31	1,01,82,41	1,02,06,04	1,01,11,47	93,60,00	99,50,00
Government share of profits, etc., from subsidised companies	35,07	39,72	35,60	38,84	58,71	21,00	18,00
Interest on Depreciation and Reserve Fund Balances.	52,70	62,52	79,86	1,04,13	1,24,57	1,33,53	1,17,79
Dividends on investments in Branch lines and other Miscellaneous receipts.	67	4,75	8,17	11,57	21,46	18,00	16,00
Total Receipts	98,18,60	97,95,80	1,03,06,04	1,03,60,58	1,03,16,21	95,32,53	1,01,01,79

(*a*) The figures for hire charge and other payments from Railways have been shown as reduction of Working Expenses.

(*b*) Receipts for 1925-26 are after deducting refunds of revenue, figures for which are not separately available.

(*c*) The refunds of Revenue include remission of earnings also.

APPENDIX IV—*contd.*

(Fgures in thousands of rupees.)

	Actuals.					Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Commercial Lines— *contd.*							
Charges.							
Administration . .	12,77,09	12,74,26	13,11,43	13,85,43	14,02,99	14,30,00	14,00,00
Repairs and Maintenance.	16,78,59	17,64,54	17,52,30	17,57,26	17,78,64	15,95,00	15,22,00
Operation (*a*) . .	25,97,19	24,37,53	24,32,25	25,15,42	25,39,19	24,90,00	24,88,00
Depreciation . .	10,31,70	10,53,14	11,00,86	11,60,47	12,17,95	12,63,00	13,00,00
Suspense	—9,73	—5,67	2,97	—32,44	—15	..	..
Total . .	65,74,84	65,23,80	65,99,81	67,86,14	69,38,62	67,78,00	67,10,00
Deduct—							
Worked Lines .	3,88,78	3,32,52	3,51,04	3,63,35	3,29,52	2,65,00	2,70,00
Working Expenses .	61,86,06	61,91,28	62,48,77	64,22,79	66,09,10	65,13,00	64,40,00
Surplus profits paid to Indian States and Railway Cos.	1,77,42	1,65,56	1,57,14	1,59,14	1,51,98	1,15,00	75,00
Interest charges . .	23,50,17	24,55,35	25,93,05	27,91,14	29,05,96	31,29,24	32,08,68
Miscellaneous charges	30,33	70,52	53,44	34,57	58,01	68,75	60,40
Total charges .	87,43,98	88,82,71	90,52,40	94,07,64	97,25,05	98,25,99	97,84,08
Gain from Commercial lines.	10,74,62	9,13,09	12,53,64	9,52,94	5,91,16	—2,93,46	3,17,71

(*a*) The figures for hire charges and other payments from Railways have been shown as reduction of Working Expenses.

APPENDIX IV—*concld.*

(Figures in thousands of rupees.)

	Actuals.					Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
Strategic Lines.							
Receipt.							
Gross Traffic Receipts	1,64,07	1,53,45	1,60,40	1,66,65	1,58,81	1,40,00	1,50,00
Interest on balances of Depreciation Fund.	1,08	1,40	1,62	2,07	3,09	5,19	6,56
Total Receipts .	1,65,15	1,54,85	1,62,02	1,68,72	1,61,90	1,45,19	1,56,56
Charges.							
Working expenses (including Depreciation).	1,80,14	1,86,72	1,94,66	1,98,61	2,08,83	2,17,00	2,03,00
Interest charges .	1,30,94	1,31,35	1,34,03	1,41,81	1,40,09	46,75	1,48,52
Miscellaneous . .	34	21	2,06	30	50	40	40
Total charges .	3,11,42	3,18,28	3,30,75	3,40,72	3,49,42	3,64,15	3,51,92
Net loss in Working Strategic lines.	1,46,27	1,63,43	1,68,73	1,72,00	1,87,52	2,18,96	1,95,36
Net gain on State Railways.	9,28,35	7,49,66	10,84,91	7,80,94	4,03,64	—5,12,42	1,22,35
Contribution to General Revenues.	5,49,04	6,01,13	6,27,83	5,23,20	6,11,86	5,73,57	5,36,02
Railway Reserve Fund	3,79,31	1,48,53	4,57,08	2,57,74	—2,08,22	—10,85,99	—4,13,67

PART II.

General Budget.

Speech of the Finance Member

introducing the

Budget for 1931-32.

INTRODUCTORY.

The Honourable Sir George Schuster (Finance Member): Sir, another year has passed and we meet once more in this Chamber to take stock of the business side of Government.

I think I may feel assurance that all Members of this Assembly, in whatever quarter of the House they sit, will agree with me at least in one thing, and that is that we meet in circumstances of great difficulty, and that the responsibility of which I have to render account tonight is a heavy and perplexing one.

2. If I can secure agreement from all sides on this point, perhaps it is not too much to hope that Honourable Members will carry their sympathy a stage further and approach the consideration of the problems and proposals which I shall explain tonight, in a spirit which recognises that the difficulties are mainly inherent in the present situation in India and that they require a common effort for their solution. Let me explain what I mean by this.

3. So far as economic factors alone are concerned, our problem is one which the whole world has to face, and in fact, our situation in India is, in that respect, easier and more straightforward than that of most other countries. But in India we have this added complication—that we are passing through a period of great political stress and strain, and stand on the eve of a fundamental change in the system of Government. This complicates the situation in many ways, and the one difficulty reacts on the other. For, on the one hand, the economic situation could be more easily dealt with if we stood on more stable political ground, while, on the other hand, the political changes could be more easily effected if the country were not in the midst of these economic difficulties. There is an old English saying: "Don't change horses in the middle of the stream". India today has to consider a change in political horses just when she is crossing a stream of economic difficulties which is sweeping down in dangerous flood upon her. If the operation of changing horses is to be accomplished without disaster to India, then all who are engaged in it must work in co-ordinated co-operation.

4. As a preface to my business statement, I will say this. Times are bad. We all know that. But there are two thoughts which we should not forget. The first is that India is not alone in this economic adversity. It is a condition through which the whole world is passing, and I am convinced that the state of many countries is, beyond all comparison, worse than that of India.

The second is that the country has been through such times before. Economic life, at least in the modern world, moves in cycles, or with ebb and flow. We are on the ebb now, but it is a safe prophecy that the tide will turn.

5. It is important to remember these things, not as affording any justification for thoughtless optimism or for lack of determination in dealing with the present problems, but in order to preserve a sense of proportion both as regards those problems and the remedies. So far as India is concerned, the fundamental position is still sound. The time has not yet come for panic measures or desperate experiments which might land us in unknown complications or endanger the efficiency of the whole machinery of Government. What we need rather is to give unremitting care to details, to stick to principles of sound finance, to work hard, keep our heads, and pull together. Above all, it is necessary to be sound in our finance. There must be no doubts about our determination in this at the present critical time.

6. *Economic review.*—I must now turn to my main task tonight. For the purpose of the review and the forecast which are necessary, our Government finances are in this period so affected by surrounding conditions that, in order to judge the present position and to forecast the future, a very careful study of those conditions is necessary. In order to assist Honourable Members and the public, on whose proper understanding of the position we so much depend, I have had prepared an economic review of the main items of trade for the past calendar year. This has been done by Dr. Meek, the Director-General of Commercial Intelligence and Statistics, and will be distributed at once with the usual financial papers. This step represents an effort to provide information in more up-to-date form than is available from the usual annual trade review—which normally appears rather too late after the event to be of full value.

7. It would be impossible for me tonight to attempt anything like an exhaustive account of the situation and I shall content myself with referring to certain main features and stating certain broad conclusions.

8. *Trade depression and fall in prices.*—So far as concerns those conditions which normally affect our Indian estimates, there is nothing adverse of which to complain. Crops during the agricultural season 1929-30 were fairly good and the monsoon of 1930 was generally normal, producing, on the whole, satisfactory results. On the other hand, the year which we are just completing has witnessed one of the worst industrial and trade depressions in history. The downward trend of the trade movement started in October, 1929, after the Wall Street collapse in America and from there the movement spread to other countries all the world over. The depression deepened at an accelerated rate in 1930, and conditions became progressively worse as the year advanced. As a result of the fall in prices and the trade depression, practically all classes in all countries are suffering from a lack of purchasing power. It is too early yet to say whether the bottom of this movement has been reached, but in considering prospects for next year, I think it is necessary to reckon that, as regards prices and the general volume of commercial activity throughout the world, recovery will be slow.

9. The fall in prices has affected most severely those countries whose economic activity is mainly directed to the production of primary agricultural products. This is brought out most clearly from the index numbers of wholesale prices in various countries, for, in India, the fall in the Calcutta wholesale prices index corresponds very closely with the falls in countries like Australia and Japan, and is heavier than the fall in the wholesale figures for the United States or the United Kingdom. The

same point is seen by comparing falls in the prices of articles which India exports with the fall in the prices of those articles which she imports. The fall in the former between September, 1929 and December, 1930, was 36 per cent., and the fall in the latter 16 per cent. India may therefore perhaps be said to be going through the worst time now. She has felt the severity of the fall in the case of what she has to sell, but has not obtained a corresponding advantage of the fall in prices of what she has to buy.

10. *Political situation.*—Apart from the effects of the economic crisis, the situation in India has been aggravated by special factors which are only too familiar—internal disturbances and the uncertainty caused by the prospects of fundamental constitutional changes.

11. Now, judging from questions which have been asked in this Assembly and discussions in the press, a good deal of interest has been taken in the question as to how much of the present economic depression in India is due principally to world causes, and how much to political disturbances in India and to certain special features of the civil disobedience movement. If discussion on this subject is to be used as a basis for a campaign of recrimination, that is a purpose to which I do not intend to lend myself tonight, but there is some practical importance in making an objective study of the situation in order to form an opinion as to the extent of improvement for which we may hope if normal internal conditions and confidence in the future can be restored.

The facts recorded in the Report which I am circulating, will enable Honourable Members to form an opinion on certain aspects of this question. If I were to endeavour to answer it shortly, I should summarise my views as follows.

12. So far as the total volume of India's external trade is concerned, the main course of events has been determined by world economic conditions. Exports have kept up well in volume, and the total imports have not declined to a degree appreciably out of proportion to the drop in the value of the exports. On the other hand, certain classes of imports have shown major variations from the normal—notably cigarettes and cotton piece-goods, but, as to the latter, it is necessary to remember that a part of the variation might have been expected as a result of the higher import duties imposed last year.

13. On the other hand, although the course of external trade may have been mainly governed by economic causes, internal trade has suffered disastrously as a result of political disturbances. Unnecessary losses to private traders must have been very great, while enormous sums of money must have been diverted from productive purposes. This kind of effect is seen in Provincial budgets, but there must be much more which does not appear in any public accounts.

14. Lastly, and above all, the most damaging effects have been caused in what I may describe as the region of Finance. The implications of the movement have weakened confidence in India as a field for investment both at home and abroad, and this has led to a decline in the price of Indian securities, both Government and private, to a lack of credit for traders and of capital for new enterprise, and to a steady export of capital from the country. This has meant increased expenditure on

loans for Government and has forced Government to take measures to protect the position which have resulted in high money rates, with a consequent increase in the difficulties of traders in these very difficult times. With these particular points I shall have to deal more fully later.

15. I have stated the case in the preceding sentences with studied moderation, but I must guard against that moderation being misunderstood. The country has, it is true, survived the past year without irreparable disaster. But the reserves and credit of all—individuals and public authorities alike—have been seriously weakened, and any continuance of internal disorders is a matter which all who have the true interests of India at heart must view with the gravest possible concern. It might, in fact, mean that India, on the day when she should be inaugurating her new constitution with bright hopes of success, would find herself, instead, struggling desperately for mere existence in a morass of economic troubles.

This is the general picture which I would give.

16. *External trade.*—As regards external trade there are some features which deserve special comment.

The visible balance of trade in favour of India (including private imports of treasure) for the first 9 months of the current financial year was 34·43 crores comparing with 41·62 crores for 1929, 39·76 crores for 1928, and 33·07 crores in 1927. The balance was therefore not strikingly worse than the average of the last few years and was actually better than in 1927.

As against this, of course, the value of trade has declined enormously—exports of merchandise for the 9 months being down by 61 crores, as compared with last year, and imports by 56 crores.

17. But, in forming a view of the state of Indian trade, it is necessary to consider the volume as well as the values. If we compare the results for the calendar year 1930 with the calendar year 1929 and reduce them to a common basis as regards price, we find that the volume of exports declined by less than ½ per cent. (to be exact ·4 per cent.), while the volume of imports declined by just under 18 per cent. This greater decline in the volume of imports was natural. The country pays for its imports with its exports and since, as already pointed out, the price of the goods India exports fell much more than the price of goods which she normally imports, the same volume of the former could only buy a smaller quantity of the latter.

It is, I think, worthy of special comment that, in these times of bad world conditions and of general over-production of the agricultural commodities on which India relies, she has been able to maintain the volume of her exports. It is a sign of general health in the economic condition which, in spite of the diminished prices received, must, on an impartial view, be regarded as satisfactory.

18. As regards the export trade, the main facts to note are the large decline, both in quantity and value, of jute exports, and the satisfactory position, at least as regards quantities of exports, shown for Indian cotton. Exports of raw jute, on the nine months to date, show a fall of nearly 12 crores—a decline in value of 54 per cent. and in quantity of 29 per cent. Cotton exports for the nine months are up to last year's level, but show a decline in value of 24 per cent. I should like to say something

about cotton, for, although the present price is so unsatisfactory, this is an item which has certain very encouraging features for India's future, while there are important economic lessons to be learnt in this particular case. There is no doubt that Indian cotton is steadily gaining ground in the world's markets. For 1930 the total exports were 727,000 tons as against 702,000 in 1929. This increase is extremely satisfactory in times, like the present, of diminished consumption throughout the world. Many manufacturers, especially in Lancashire, are now adapting their mills so as to substitute Indian for American cotton. The new Lancashire combine—the Lancashire Cotton Corporation—whose mills a year or two ago only took about 10,000 bales a year of Indian cotton, hope shortly to be taking upto 4,000 bales a week and eventually more than double this quantity. But the strength of the Indian cotton position depends on its price. It is being bought because it is cheaper than American cotton. If the relative price of Indian cotton is forced up, the advantage will disappear, and the tendency which is now going on for a change-over to Indian cotton will be stopped. I mention this because there have been frequent demands that Government should intervene to support the price of Indian cotton. We could not accede to these demands because we felt that experience proved that all such attempts made in other countries to interfere with normal economic forces had ended disastrously. But it might have had an added evil effect in the case of Indian cotton, because if special efforts had succeeded temporarily in putting Indian cotton up to an artificially high level, they would just have defeated that tendency—so favourable, in the long run, to India—of which I have been speaking, and checked the establishment of a permanent new market for Indian cotton.

19. These are some of the points which, I think, are worthy of notice. If there are any favourable features or if the evidence shows that the underlying position is healthy, these things do not of course counteract the immediate effects of the great drop in the value of trade and the consequent serious direct loss to Government revenues from customs duties or the indirect loss through lower trading profits.

20. *Revised estimates for 1930-31.*—The figures which have already been before the House in connection with the Railway estimates, have shown with unpleasant clarity the scale of deterioration which has to be faced. These Railway results have not, of course, as yet (owing to the method of calculating the Railway contribution) affected our normal revenue, though they have had a serious effect on our ways and means position, and they have raised a danger signal for revenue also in the future.

21. Apart from this, I shall only refer now to the most important features in the results for the current year, for the details of the revised estimates are shown in the Financial Secretary's Explanatory Memorandum which will soon be in the hands of Honourable Members along with the other budget papers. I expect that we shall lose as much as 9½ crores under Customs, of which cotton piece-goods and jute contribute 3,45 lakhs and 85 lakhs, respectively. To the extent that duties are specific, we are hit by the reduction in the volume of imports and exports. To the extent that the duties are *ad valorem*, revenue automatically falls even if the volume of imports is maintained at the former level. Under Taxes on Income, I expect that we shall lose 2·20 crores notwithstanding

the fact that the assessments have reference to the incomes of the previous year. The revenues of the Indian Posts and Telegraphs Department have also been seriously affected by the prevailing conditions and the working of the Department is expected now to result in a loss of no less than 1,36 lakhs against 48 lakhs anticipated a year ago. The deterioration on the Finance headings is in a large measure due to the ways and means operations of Government which I shall deal with later. The main items of deterioration as compared with the budget may now briefly be summarised as follows:

	Lakhs.
Important revenue heads, *viz.*, Customs, Taxes on Income, Salt and Opium (net)	12,10
Posts and Telegraphs (including the Indo-European Telegraph Department)	89
Finance headings, *viz.*, Debt Services, Currency and Mint..	1,38
Other heads	5
Total .	14,42

As the final budget estimates showed a surplus of 86 lakhs, the revised estimates work up to a deficit of 13·56 crores.

Prospects for the year 1931-32.

22. *General considerations.*—I can now turn to the estimates for 1931-32. In making these, I have been influenced by the following considerations. So far as concerns the special disturbances as affecting economic activity in India, we may at least hope that these will not be aggravated during the coming year, and that their effect will gradually diminish. On the other hand, so far as general conditions are concerned, although I believe that a return to peace and co-operation in India might have a direct influence on a world recovery, nevertheless, it would be prudent to reckon that as regards the general level of prices, and as regards the general volume of commercial activity throughout the world, recovery will be slow. There is a mass of wreckage to be cleared away, and although there are signs that we have reached the limit of the ebb, nevertheless, some time must elapse before the tide sets strongly towards a permanent recovery in world conditions. On these grounds I think it necessary to be cautious in the revenue estimates for next year. And I would at this point emphasise that a very special duty rests on those of us who are responsible for handling public affairs in this transitional stage and on the eve of constitutional changes. That duty is to face and overcome present difficulties with present measures, and not to leave an unsound position with hidden weaknesses to our successors.

At the same time, we must not go too far in our pessimism. For, a policy which magnifies unduly the burden to be put upon the tax-payer of today, may defeat its own object by placing upon the commercial life of the country a load which would itself retard recovery.

23. Keeping these counterbalancing considerations in mind, I have framed the revenue estimates on a basis which is cautious so far as world conditions are concerned, but which otherwise assumes fairly normal conditions in India.

24. I must now turn to the problem of balancing the budget, and endeavour to show in broad outline the component elements of that problem. The best way in which to do this is to take, as a basis for comparison, the budget figures for the current year and show how our prospects for next year have deteriorated. In this way I can make clear what is the gap which we have to fill—a gap which can only be filled by making, on the one hand, cuts in expenditure and, on the other, providing new sources of revenue.

The position from which I have to start presents itself as follows.

25. *Tax revenue.*—I calculate that we must face a fall in tax revenue, as compared with the current budget estimates, of no less than 13·16 crores. In order to make clear the main features, I need only now refer specially to the large heads of Customs and Taxes on Income.

For Customs I estimate total receipts of 46·64 crores, which is 8 crores worse than the budget estimates for the current year, but 1½ crores better than what we now expect to realise this year. It would certainly not be safe to count on getting more than this, having regard to the low level of prices and the diminished purchasing power of India.

For Taxes on Income I estimate receipts of 13·50 crores which is 4½ crores worse than the current budget and 2·30 crores worse than what we expect to realise this year. Under this heading, of course, an improvement in internal conditions next year will not help us, for next year's income-tax assessments will be based on the current year's results, and so we shall suffer from the bad conditions through which we are now passing.

These two heads alone account for a deterioration of 12½ crores. Apart from this, there will be the normal drop in opium revenue, due to our policy of reducing exports, and other minor deteriorations which make up the figure of 13·16 crores which I have given as total loss on tax revenue as compared with the current budget estimates.

26. *Commercial undertakings.*—I come next to the prospects for the great commercial undertakings—Posts and Telegraphs and Railways.

As regards Posts and Telegraphs, business is badly affected by the current depression, and we must face a net deficit of 1·41 crores in the Indian Posts and Telegraphs Department, or, adding capital expenditure charged to revenue, of 1·52 crores. The budget estimate for the current year was bad enough, but the revised estimate under the head as a whole is 80 lakhs worse than that.

As to Railways, I need not say very much. Honourable Members already know the results from the Railway budget. Here, as I have also noted in the case of the current year, owing to the way in which the "Railway contribution" is calculated, our own budgetary estimates are not yet seriously affected. But that does not mitigate the serious nature of the underlying position, and I must here sound a serious note of warning. We are living on our Reserves now and this process cannot be indefinitely continued. If there is no improvement in sight by the end of next year, the whole position will have to be reconsidered. I will say no more on that subject at this stage. The actual Railway contribution is estimated at 5·36 crores instead of 5·74 crores in the current budget, so that here we have a deterioration of 38 lakhs.

Taking these figures together with those for Posts and Telegraphs, the total deterioration on our main commercial undertakings is 1,18 lakhs.

27. *Finance.*—Next we must consider the general Finance headings, Interest receipts, Currency and Mint receipts, Interest on Debt and the Reduction and Avoidance of Debt provision. It is right, for a proper understanding of the position, that these should be considered together.

These headings have a most important bearing on the financial results this year, and I shall deal with them more fully when reviewing our general financial policy later in my speech. For the present, I merely wish to state the actual facts. Our position has been adversely affected under these headings in three ways:

First and mainly, there is a loss of profit to the Government from currency, partly owing to the decreased volume of currency in circulation, which is a necessary result of the general fall in prices and the decreased commercial activity, and partly owing to lower rates of interest on the Gold Standard Reserve. The former, under the headings Currency and Mint, accounts for a net deterioration of 2,27 lakhs, and the latter, under the heading Interest receipts, for a deterioration of 54 lakhs.

Secondly, there are higher charges on Interest on Ordinary Debt due to increased rates of interest payable on new loans and to the borrowing necessary for covering the deficit in the current year. Under this head, however, the net deterioration is only 1 lakh, because we have revised the basis on which interest charges are made to the Commercial Departments. This revision—which has already been explained by my Honourable Colleague, Sir George Rainy, in introducing the Railway budget,—has done no more than to put upon the commercial undertakings the full cost of the Government loans from which they benefited. The previous method of calculation meant that general revenues were actually losing interest on a part of the loans made to Commercial Departments.

Thirdly, there is an increased charge, under the heading Interest on Other Obligations, of 16. This increase is accounted for by the larger liability for bonus on cash certificates, which is 22 lakhs higher this year. Apart from this, the total balance of funds held by Government is reduced—mainly owing to the reduction in the Railway Reserve Fund balance.

Lastly, there is the automatic increase, in the provision for Reduction and Avoidance of Debt, of 78 lakhs. This is a heavy item, but at this stage in India's constitutional development, when the outside world is watching closely the effect of the coming constitutional changes on India's financial stability, I am sure that all Honourable Members will agree that it would be fatal to make any diminution in this provision.

28. To sum up—the total deterioration under the Finance headings is 3,76 lakhs, of which 2,81 represents the diminution of profits from currency, mainly due to the decreased volume of currency in circulation,

and 95 increased net charges for debt, of which no less than 78 is due to the automatic increase in the Reduction and Avoidance of Debt provision.

29. We can now survey the whole of the picture of which I have thus presented the main features. Comparing the forecast for next year with the current budget, we lose—

13·16 crores in Tax revenue,

1·18 crores on Commercial Departments, and we are worse off by

3·76 crores on general Finance headings. This means a total deterioration of 18·10 crores as compared with the budget estimates for the current year. As those estimates provided for a surplus of 86 lakhs, the net deficit, on the basis of the current year's figures for all the other items, would be 17·24 crores. This is the gap which we have to fill either by cutting down expenditure or finding new sources of revenue. To this task I must now turn.

30. *Military expenditure.*—I propose to deal first with military expenditure—and here I am glad to say that we can put forward a substantial reduction of no less than 1,70 lakhs, bringing the figure (exclusive of the Territorial Force grant) to 52½ crores. I do not think I need repeat the detailed explanations of the arrangement affecting the Army budget which I gave in my budget speeches of the last two years. But I must explain how it is possible to make this cut. The original plan was based on a stabilised budget of 55 crores for four years from 1928 to 1932 and this was the figure included for 1928-29 and 1929-30. In my last budget speech I explained that we had arranged to lengthen the period by one year and reduce the average amount for the remaining period to 54·20 crores. We propose to repeat the same process this year, thus spreading the re-equipment programme over one additional year, so that instead of allowing for a budget stabilised at 54·20 crores for the next two years with a reduced figure thereafter, we shall have a basic figure of 53·63 crores for three years. On top of this, by taking advantage of reduced costs of various articles and savings effected by the military authorities by their economy campaign, and also by postponing part of the ordinary military engineering services, further cuts of no less than 1,13 lakhs have been made. I wish, however, to make it clear that the possibility of this economy depends partly on special savings and partly on the continuance of low prices for grain and other stores, so that it may not be possible to repeat it. This is an exceptional cut made in exceptional circumstances to meet the present emergency, and it means a retardation in the programme of re-equipment which the military authorities could not, acting purely on military considerations, have recommended. But they have proposed this special cut in order to help out the general situation, and I wish to take this occasion to express my appreciation of the way in which they have helped to reduce expenditure this year. I am afraid that many desirable projects for improving barracks and providing other amenities for the troops have had to be postponed, and in many cases officers who, according to the stabilised budget arrangement, had been led to expect that savings would be available for such projects have had to be disappointed.

The position has, however, been accepted, and I think it right that this House should know that a whole-hearted and substantial effort has been made by all the officers concerned to help in meeting the present financial situation

A further small saving has been provided for in the Territorial Force grant, bringing the total military saving to 1,75 lakhs.

31. *Civil expenditure.*—This heading raises the whole question of retrenchment on which Honourable Members are doubtless expecting me to say a good deal today. I shall not shirk the task. I propose to divide it into two parts, first, dealing with what I will describe as immediate practical measures designed primarily to meet next year's difficulties, and secondly, discussing the possibility of a more far-sighted and considered policy for permanently reducing the general standard of Government expenditure. The distinction is perhaps not logically exact, because several of the emergency measures may have a permanent effect—but it is a useful distinction for my present purpose.

To put the same idea in another way, there are two questions before us: "What cuts can we make in next year's budget?" and "What steps can we take to hammer out a policy of retrenchment which will have a lasting effect?".

32. *Cuts made in the budget.*—I will start with the former and thus complete the budget picture. In considering this question, I must ask Honourable Members at the outset to appreciate the limitations and difficulties besetting the task. Although the Civil expenditure of the Government reaches apparently a large figure, the headings of normal administrative expenditure, which alone offer a straightforward task, are really confined to those shown in the accounts as Civil Administration and Civil Works, together accounting for about 16 crores. Even in this reduced total, when one gets down to the actual task, the scope for action is further limited. Thus, about 3 crores out of this total represents expenditure on the North-West Frontier Province, and here, at the present moment, instead of finding a margin for economics, I am faced with new and irresistible demands for new expenditure. I say irresistible, for how can we resist the claim that in this centrally administered area the standard of services, education, health, etc., should be brought up to that of the adjoining and similar districts of the Punjab? The most I can say in the face of such demands is that, in present financial conditions, we must advance slowly. But it has to be an advance. Then again, there are headings like Audit on which we spend over a crore, where the needs mainly depend on what the Provincial Governments require, while there are others where expenditure represents fixed liabilities. In the case of others again, fixed and increasing commitments have been recently undertaken as part of policies approved by this Assembly. I refer to such items as Agricultural Research grants, grants to the Aligarh and Benares Universities, and the development of civil aviation.

33. Apart from this, I would ask Honourable Members to appreciate the special work which is now falling on all Departments of the Central Government in connection with the constitutional Reforms. Special studies and enquiries are necessary in all directions, and this work is super-imposed on that of current administration, which in itself has been greatly increased owing to the demands made on the time of officials by this Assembly.

34. I have dealt so far with the general head of Civil Administration. There is one other main head where we have power to control expenditure and that is Civil Works. But here again our powers are limited. There is, first, the fixed burden of normal maintenance and repair charges, which

can hardly be reduced, and to this must be added the cost of works actually in progress. These works cannot be stopped without involving real waste of public money.

35. It is necessary that these facts should be appreciated, though it is not for me to exaggerate the difficulties, and I shall welcome any support which I can get from Honourable Members in pressing for economies which do not endanger efficiency at vital points.

36. In any case, in spite of all the difficulties, we have made a great effort to restrict expenditure with results that are really substantial. In this we have of course had the advantage of the enquiry by the officer appointed last year to examine the course of expenditure, as to whose Report I shall have more to say later.

37. In the first place, on departmental expenditure we have made special cuts in the provision for contingencies and in the scale of certain allowances. These amount to 26 lakhs—an important percentage on the grants concerned. It is by the cut on contingencies that we hope mainly to check all minor extravagances and leakages. Then we have drastically curtailed expenditure on works for Frontier Watch and Ward to the extent of 22 lakhs and on other special grants to the extent of about 14 lakhs. As regards Civil Works, by refusing all new major works, by slowing up expenditure on works in progress, and by severely reducing the grant for minor works, we have made a saving of 33 lakhs as compared with the current year's grant.

In this way we have made special economies of about 95 lakhs, and to this may be added the automatic decrease—owing to smaller revenue receipts—in the Road Fund grant of 7 lakhs, which brings the total economy as compared with last year on this head to 1,02 lakhs.

38. Apart from these definite economies, other adjustments show a decrease of 24—bringing the total reductions up to 1,26 lakhs after allowing for several items of new expenditure in the North-West Frontier Province. Against this there must be put certain unavoidable increases and new demands which I reserve for special mention, although they are of a fairly normal nature. There is, first of all, the automatic growth in the pay-bill owing to the operation of the time-scale system which involves us in an extra charge of about 23 lakhs. Further, in spite of the present hard times, we have decided to include a provision of about 2½ lakhs as part of our programme for improving statistical records bearing on the economic condition of the country, while the grant to the Aligarh University will also go up by 3 lakhs. These items totalling about 29 lakhs reduce the net saving to 97 lakhs.

39. This figure of 97 lakhs may be fairly said to represent the economy in normal Civil expenditure this year; but I have still to mention two very heavy non-recurring items, which would have had to be dealt with differently if I had not been able to balance them by a wind-fall on the receipt side which I must now explain. The two items of expenditure to which I refer are 34 lakhs for the census and 19 lakhs for abnormal capital expenditure (mainly for new aeroplanes and ground works) in connection with the plan for a State Air Service and the general development of civil aviation. The census is of course unavoidable, while, as to civil aviation, it is necessary to carry on with this expenditure unless we are deliberately to abandon the policy which has already been accepted by this House.

40. *A wind-fall.*—The special wind-fall to which I have referred is a sum of about 54 lakhs net to be realised from the sale of the Indo-European Telegraph undertaking.

In the course of this year the negotiations regarding the disposal of the Indo-European Telegraph Department have been concluded. For some time past, this Department has been running at an increasing loss, partly owing to wireless competition and partly as a result of the general trade conditions. Difficulties have also been experienced in administering this Department most of whose operations were conducted in Persian territory, and of late the Persian Government have been pressing for the transfer of control of Persia's internal telegraph system to Persian hands, a demand with which we had naturally considerable sympathy. Under the settlement now reached, it will be possible to satisfy Persia's national wishes in this respect by transferring the Persian Section of the Department to Persia, while, in consideration of our agreeing to release the Communications Company from an old agreement regarding the apportionment of the receipts, India receives a cash payment of £450,000 from that Company and also transfers the liability for maintaining and working the unremunerative Persian Gulf Section to the Company. After allowing for compensatory payments to the staff discharged and for various other adjustments, we shall realise a net sum of about 54 lakhs.

41. As the assets thus disposed of were originally paid for out of revenue, it is quite proper that the connected credit should be taken to revenue and, as I have said, I regard it as specially balancing, and in a sense justifying, the heavy non-recurring expenditure on census and civil aviation which unfortunately falls on next year.

42. *Gap to be filled.*—As the receipt is 54 lakhs and the provision for these two items is 53, that gives me 1 lakh in hand to be added to the net saving of 97. Adding the resulting figure of 98 lakhs to the saving of 1,75 lakhs on the Military budget, we have a total of 2,73 lakhs to put against the deficit of 17·24 crores with which I started.

This therefore reduces the gap to 14·51 crores, and this is the sum for which we must provide by new taxation.

43. *Retrenchment Committee.*—But, before I explain my proposals for taxation, I must deal with the second aspect of retrenchment to which I have referred.

I hope that I have said enough to demonstrate that we have made a great effort this year to cut expenditure. But in times like these, when we are asking the House to impose upon the country a heavy burden of new taxation, I recognise that Honourable Members may legitimately demand some means of satisfying themselves as to the possibility of still further and more permanent economies in expenditure. Speaking as Finance Member, I should welcome such a demand. We therefore propose that, if it should be the desire of this Assembly, there should be constituted a Retrenchment Committee consisting of five non-official members to be elected by the Assembly and two officials to be nominated by His Excellency the Governor General, one of whom would be a representative of the Finance Department.

44. I wish to say something more than the mere announcement of this intention. Last year, when motions for general percentage cuts on all grants were moved by my Honourable friend, Sir Hari Singh Gour, I

emphasised to the House the danger of indiscriminate "axing". I think all of us have seen examples of this. In normal times expenditure inevitably grows from year to year. Then, for some reason or other—generally an economic crisis with a sudden drop in revenue—the burden becomes too heavy to be borne and there is a sudden demand for retrenchment. In such cases of emergency, the axe is often wielded with a view rather to immediate than to ultimate results. Indiscriminate cuts are made regardless of their effects—officials are discharged, and thereby additional pension charges are prematurely incurred—and then, when the sudden feeling of enthusiasm has calmed down, and the crisis is past, it is found that essentials as well as non-essentials have been cut away. New men are engaged, their salaries added to the extra pension charges of "axed" officials, and in the end net result may prove, in many cases at least, to have been false economy. With these considerations in mind, I resisted last year the demand for indiscriminate cuts. I promised, on the other hand, that a careful analysis of the growth of expenditure in the preceding five years should be prepared and laid before the House. I wanted Honourable Members to see exactly where and why expenditure had been increased, so that they might launch a well-directed, and not an indiscriminate, attack on the position. This analysis will now be available for them in the form of a very full Report by the officer whom we specially appointed for this duty. His Report will show exactly why, how, and where expenditure has grown, and indicate the main fields to which the search for economies can be most usefully directed. The Retrenchment Committee will thus be able to start work with the assistance of much valuable material with all the preliminaries for their work carefully prepared.

45. *Mr. Jukes' Report.*—I must here make a digression to explain that, owing to circumstances beyond our control, there has been a delay, which I regret, in completing this Report. Mr. Jukes—the officer appointed—after presenting an *interim* Report which was laid on the table during the last Simla session, had to be taken away from his work from the end of September till the middle of February in order to act either as Finance Member or as Financial Secretary in the absence, on duty in London, of Sir Arthur McWatters and myself. I had hoped that in the past two weeks he would have completed his Report for the press so that it might be available on the presentation of my budget. Unfortunately, he has been seriously ill and the work has been delayed. But I hope that the Report will be before Honourable Members in good time before the end of this session.

46. The primary task of the Retrenchment Committee will be to investigate possibilities of retrenchment in the Civil expenditure of Government as examined in this Report. But this work must be co-ordinated with other steps in a comprehensive plan. Retrenchment in its fullest sense involves a wide range of subjects, some technical and others which now form part of the whole constitutional issue which is before us. For such subjects, in certain cases, other agencies must be employed, and with these the work of the special Committee of this House, if appointed, must be co-ordinated.

47. *Commercial Departments.*—Let me deal first with the Commercial Departments.

As regards the Posts and Telegraphs, Honourable Members are aware that a special Committee, to be presided over by a distinguished Member of this House, has just been appointed to examine the working of the system of commercial accounts for that Department. This Committee will throw light on an important question which exercises the minds of Honourable Members, *viz.*, whether the account figures as now shown present a fair picture of the commercial working of the service. When that Committee has reported, the way will be open for Government to explore means and methods by which this Department may, most effectively and rapidly, but without detriment to its efficiency, be placed on a sound commercial basis and made to cease its drain on general revenues. If, after that, the Assembly consider it desirable that a further search for economy should be pursued, Government will consult with them as to the best way of giving effect to this.

Turning to the Railways, my Honourable Colleague, Sir George Rainy, has dealt with the question of economy in Railway administration and informed the House of the steps already being taken. He has also indicated that if the Railway results were to continue in such a way as to threaten the financial fabric of the Government of India, then it might be necessary to make a thorough enquiry into the possibilities of improving the position, and that a special technical Committee would be required for such work.

48. *North-West Frontier Province.*—Then there is another form of special enquiry to which I must refer, namely, expenditure in the North-West Frontier Province. I have already spoken of the inevitable growth of expenditure on beneficial services in this Province. But, as regards Frontier Defence, we have recognised that the search for economy must be rigorously taken up, and the Government of India have decided that the time has come to review the whole policy and to consider whether there is any chance of saving money by a better co-ordination of irregular troops, the Regular Army, and the Air Force. A special Committee has been appointed to investigate this matter, and their Report should be available in a few weeks.

49. *Military expenditure.*—Apart from this, I must also mention the whole field of military expenditure. Here, obviously, no substantial economies would be possible without changes in the composition and strength of the forces in India, which would raise issues, military and constitutional, of vital importance. The study of this subject cannot be undertaken independently of the constitutional issue. It is a subject which has already received special consideration at the Round Table Conference, and I would refer Honourable Members to the Report of the Defence Sub-Committee of that Conference.

50. *Pay and conditions of service.*—Lastly, I come to a very important question, one which, in fact, pervades all the others, the question of pay and conditions of service. A good deal has been said and written on this subject lately, and attention has been directed to reductions in the pay of Government servants which have recently been effected in other countries. The subject has also been ventilated in the discussion on the Railway budget, so that, to that extent, I am not treading on new ground in this House. It is an extremely difficult subject and one on which clear thinking is essential.

51. Let me say something first as to its scope and significance in India. It is often brought as a charge against British administration that India,

a poor country, has been burdened with a heavy load of pay for costly officials at the top, specially British officials, and that the money required for education and other beneficial services cannot be available until this burden is drastically reduced. If the matter is to be discussed on these lines, it is essential to be clear as to the facts.

I am not going to attempt tonight to deal in detail with the charge that the administrative machine in India is unduly costly. That would require elaborate comparison with other countries and a mass of figures with which I do not wish to burden my speech tonight. But perhaps at this point, I, as one who brings an outside vision to bear on this subject, may be allowed to express the view that no country has ever had more devoted and self-sacrificing work, or, to descend to material grounds, better value for her money, than India has had from her Civil Services. Their standards of work among the people, started in days when justice was not so well understood as now, have been unique, and have set an example to the whole world. I believe that Honourable Members, whatever they may think of our shortcomings on these front benches as official members of this Government, will agree with me on the work done throughout the country. Moreover, if Honourable Members will trouble to compare figures for other countries, they will, I think, convince themselves that the administration of India has hitherto been carried out, on the whole, at a very low cost. But, as I have said, I cannot deal with this relative aspect of the question fully now. It might with advantage be studied by the proposed Retrenchment Committee.

52. What, however, may impress Honourable Members more directly is an examination of the actual facts of the case in India, for the purpose of demonstrating the scope of any saving which might be accomplished.

In order to make the position clear, I have compiled certain figures which are of great significance. The figures are taken from the 1928-29 accounts, being the latest actual figures available when I made the calculation.

Taking the Civil Departments (exclusive of the Railways), the total pay of all the officials of Government, British and Indian, high-paid and low-paid, Central and Provincial, amounts to just under 57 crores. Of this sum, the Central Government's share is about 16 crores, and the Provincial Governments' about 41 crores. This total is distributed between gazetted officers on the one side and what are called 'establishments' on the other. The term 'establishment', as Honourable Members are aware, covers all the clerical and lower-paid staff. Roughly speaking, with a few exceptional cases, it may be said that this part of the staff includes posts with pay ranging to a maximum of about Rs. 500 per month. I may add incidentally that it also includes all the police, and the irregular levies employed in frontier defence, to which special considerations apply.

Taking these two classes, the total cost of establishments amounts to 41 crores, and of officers, British and Indian, Central and Provincial, all together, and including all leave pay, amounts to 16 crores, of which the Central Government's share is just under 4 crores and the Provincial Governments' just over 12. Incidentally, I may mention that out of this total the cost of British officers amounts only to about 6½ crores.

Now, if the total pay of officers, British and Indian, Central and Provincial combined, amounts to only 16 crores, it is clear that no practicable cut in this figure could produce a revolutionary change. If all salaries were

cut by 10 per cent, the total saving for the whole of India would only be 1,60 lakhs of which the Central Government would get about 38 lakhs and the Provincial Governments about 1,22 lakhs, or not more than about 14 lakhs each. Even if this cut were multiplied to impossible percentages, it would not produce an effect which could really affect the fundamental financial problem, and it is clear that, if effects which are even worth considering are to be produced, drastic reductions right down to the very lowest ranks would be necessary. This would be a very difficult task for any Government to face and one which might produce hard results for the lower-paid men. It is clearly not a case for hasty action.

53. Having thus done something to demonstrate the scope of the problem, it is next necessary to clear our minds as to the nature of action contemplated.

A very clear distinction must be made between a review of conditions for future entrants and an alteration in the position of serving officials.

54. In the latter case too, a distinction must be drawn between cuts, on the one hand, in allowances or in portions of pay which, according to the terms of service, are variable, and, on the other hand, alterations in basic and fixed rights. Action of the former kind is easy, and when comparisons are made with other countries, I must point out that, in several cases at least, the action taken has been of this kind. We also, so far as variable allowances are concerned, are taking action, as I have already explained.

55. On the other hand, an alteration in the basic and fixed rights of serving officials is a step of an extremely grave nature. Even apart from the constitutional rights of certain classes of officers, it would be, in a sense, a breach of contract, cutting at the roots of confidence in the good faith of Government, and likely to create a feeling of uncertainty in the public service which would be particularly detrimental at the present period of constitutional transition.

56. Apart from these considerations, there are others which stand in the way of hasty action by the Central Government.

The Central Government cannot take action alone. Quite apart from the constitutional responsibilities of the Secretary of State, it is also necessary to discuss the matter with the Provinces, for there must be uniformity of policy between the Central and Provincial Governments. Unless this is achieved, it is inevitable that great and justifiable discontent would be caused among the officials affected.

Again, it must be remembered that the future of the services—especially the All-India Services—is a matter of constitutional importance. It has already been considered by a special Sub-Committee of the Round Table Conference, and its consideration must be continued as part of the constitutional discussions.

57. I do not wish anything that I have said to be interpreted as meaning that we do not recognise that, in a case of national emergency, some sacrifice may be demanded from all concerned. We are also impressed by the fact that, at the present time, the prospects, on the one hand, of lower price levels and lower revenue, and, on the other, of the needs of an increasing number of officials under the new constitution, demand that policy on this question should be reconsidered with far-sighted vision.

58. For both of these reasons, some action is now called for, and what we propose is as follows:-

First, so far as concerns a sacrifice to meet the present emergency, we consider that this can be most fairly put upon all classes in the form of an increase in the income-tax—a measure which will not select the particular class of Government officials for bearing a special burden. When I come to my proposals under this heading, it will be clear to all that they do involve a sacrifice from all members of Government services, the severity of which I deplore, but which has been regulated as far as possible in proportion to their ability to make it.

Secondly, as regards measures for the future, it has been decided to hold a Conference on this subject in Simla, as early as possible after the Delhi session, with representatives of all the Provincial Governments, at which the possibility of revising the terms of service for new entrants into the services will be explored. The field for discussion at this Conference will of necessity be governed by the constitutional aspects of the question to which I have already referred.

59. The account which I have given of these matters shows, I think, clearly the general framework of the wider enquiries into which the work of a Retrenchment Committee of this Legislature—if this is appointed—will have to be fitted. Their recommendations will, in fact, have to be brought into relation with wider issues. But this will increase, rather than diminish, their importance.

Proposals for New Taxation.

60. *General plan.*—I must now turn to my proposals for new taxation. In devising a plan to deal with the present situation, it is necessary, in the first place, to make some estimate of its nature. Can we say—It is a temporary emergency for which it will suffice to devise temporary expedients? Or is there a need for the permanent addition of new weapons to our armoury of taxation? The truth, I think, lies between these two views. On the one hand, one may say that, to a great extent, the situation is essentially abnormal and that, given a return to normal conditions, Central revenues, on the existing basis of taxation, might be adequate for the purposes of Central Government expenditure. On the other hand, we are not concerned merely with Central Government needs, and behind our own temporary emergency, there lies a permanent need for more resources for the reinforcement of the Provincial Governments' finances.

Therefore, of the new taxation proposed this year, my view is that some at least will be permanently needed, or at least cannot be abolished unless substitutes are found. This general idea will be found to underlie my proposals.

My plan for new taxation is all confined under the heads of Customs and Taxes on Income, for these are the only two sources ready to our hand for providing sums of the magnitude now required.

61. *Customs.*—I will deal first with Customs. My proposals fall into two distinct classes. I have first singled out a number of items on which

it has seemed that the substantive rates can fairly be changed, and secondly, I am proposing a schedule of surcharges on other items. This distinction no doubt conveys a certain implication that the surcharges may possibly be less permanent than the other changes, but I do not wish to make too much of this. Future policy must inevitably depend on the revenue needs of the future. The heads in respect of which I propose alterations of the substantive tariff itself, are liquors, sugar, silver bullion, betel-nuts, spices and exposed cinematograph films. The *liquor duties* are to be enhanced appreciably; the duty on beer and the like is at present undoubtedly low relatively to those on other alcoholic beverages and will be raised by about 66 per cent. above the present level, while those on wines and spirits (except denatured spirit and spirit used in drugs and medicines) will be raised by between 30 and 40 per cent. As regards sugar, this is a special case which I must deal with separately. The duty on silver bullion I propose to increase from 4 to 6 annas per ounce. I must reserve for a later stage of my speech my remarks on our general policy as to our silver holdings. The other items mentioned will be transferred from the general rate of duty (now 15 per cent. *ad valorem*) to the "luxury" rate at 30 per cent.

62. Of the surcharges I shall not attempt in the time now at my disposal to speak in detail; we have at a stroke added to the 10 per cent. schedule a surcharge of 2½ per cent. to the general or 15 per cent. schedule one of 5 per cent., and to the "luxury" or 30 per cent. schedule one of 10 per cent. By far the most important of these surcharges is that of 5 per cent. on the general revenue schedule of 15 per cent., and connected with this, I must mention a feature of particular importance. We propose for this purpose to treat the basic duty of 15 per cent. on cotton piece-goods on the same lines as the general 15 per cent. schedule and to place the surcharge of 5 per cent. on these goods also. The surcharge on the 15 per cent. schedule is expected to yield 90 lakhs for cotton piece-goods and 2,63 lakhs for other goods.

63. Coming now to the schedule of non-protective special duties, here we have made additions appropriate to the general scheme, and I need only mention specially the surcharges that I propose to levy upon kerosene and motor spirit. Both customs and excise duty on kerosene are to be raised by 9 pies per gallon, while motor spirit is to bear a surcharge of 2 annas per gallon.

64. *Sugar.*—Finally, I must explain my proposals as regards sugar. The case of sugar is a special one. I have included it in the list of items on which the basic rate is to be charged, but, in a sense, our proposal is actually in the nature of a surcharge. The position is special, because, while I am now proposing an increase in the duty for revenue purposes, we had received, just when my budget proposals were on the point of completion, the recommendations of the Tariff Board for the protection of sugar. Although I, as Finance Member, in bringing forward a Finance Bill, must look at the matter entirely as a revenue question, nevertheless, it would obviously be absurd for us to pretend that, with the Tariff Board's proposals in our hands, we can consider revenue measures with no reference in our minds to the plan for protection on which the Government will have to take a decision at an early date. At the same time, sugar duties cannot be permanently adopted as protective measures until they have been

carefully examined by the Government and discussed, *as* protective measures, by the Legislature. My budget proposals must therefore be regarded purely as revenue measures which are, however, provisional in the sense that they may shortly have to take on a permanent protective aspect.

65. The Tariff Board's Report will, I understand, be almost immediately available to Honourable Members. In the meanwhile, I must explain what are their recommendations as regards sugar duties. Summarised, the Board's recommendations are:

(1) A basic duty of Rs. 6-4-0 per cwt. on all classes of sugar, including sugar candy, to be imposed for 15 years.

(2) An additional duty of Re. 1 per cwt. on all classes of sugar to be imposed for the first 7 years.

(3) Power to be taken to add 8 annas per cwt. to the duty at any time if the landed price of sugar at Calcutta *ex*-duty falls below Rs. 4 per maund.

(4) No protective duty on molasses.

66. Comparing these proposals with the present rates of duty, the position is as follows:

Leaving out of consideration, for the moment, the lower grades which are of minor importance, the Government would, if they adopted the Tariff Board's recommendation, have to raise the duty on sugar of 23 D. S. and over from its present rate of Rs. 6 per cwt. to Rs. 7-4-0, *i.e.*, to impose an additional duty of Re. 1-4-0 per cwt., while they would further have power to add an additional 8 annas per cwt., to the duty if the landed price at Calcutta falls below Rs. 4 per maund. I may say that at present the price is hovering just about this level.

67. So much for the Tariff Board's plan. My own proposals for revenue purposes had been very close to this, for I had actually contemplated an extra duty round about Re. 1 to Re. 1-8-0 per cwt. What I have now included is an increase of Re. 1-4-0 per cwt. on all grades of sugar. This, as I have said, must be regarded purely as a revenue measure pending consideration of the Tariff Board's recommendations. But Honourable Members will see that it is not inconsistent with those recommendations.

68. The combined effect of all these proposals as regards Customs duties will be to produce an additional revenue next year of 9·32 crores. We shall also obtain about 50 lakhs more from the increased import duties on galvanized pipes and sheets which the House discussed on 28th January last. This will raise the additional yield to 9·82 crores.

Incidentally, the new duties, which will operate from 1st March, and the increased duties on galvanized pipes and sheets, which came into force on 30th December, will add to our revenue for the current year a sum estimated at 88 lakhs, thus reducing the current year's deficit to 12·68 crores.

69. *Taxes on Income.*—I must now deal with Taxes on Income—the other head on which I must mainly rely for help to fill in the gap.

My proposals as to *income-tax* are as follows. The taxable minimum income for income-tax—Rs. 2,000—will not be lowered. The rate of tax on

the lowest zone, up to Rs. 4,999 will be raised by 4 pies. The rates on higher grades up to Rs. 39,999 will be raised in some cases by 5 pies, in some cases by 6 pies, and in the highest of these grades by 7 pies. At present the highest rate is reached at Rs. 40,000. It is now 19 pies. I propose a rate of 25 pies on incomes from Rs. 40,000 to Rs. 99,999, and a maximum rate of 26 pies on incomes of Rs. 1 lakh and over. The estimated yield of these increases is 5,07 lakhs gross or, deducting 53 lakhs on account of increased refunds, 4,54 lakhs net.

70. In addition to this, I propose certain changes as regards *super-tax.* At present all assessees except Hindu undivided families are allowed a deduction of Rs. 50,000 in computing the income liable to super-tax. This will be lowered to Rs. 30,000 except for Hindu un-divided families and Companies, which will be allowed, as at present, a deduction of Rs. 75,000 and Rs. 50,000 respectively.

In the new zone, Rs. 30,001 to Rs. 50,000 the super-tax rate will be 9 pies. Above Rs. 50,000 the graduated scales will be increased by 2 pies throughout. The flat rate for Companies will be 1 anna as at present. These changes will yield, it is estimated, 46 lakhs. Thus the total estimated additional net revenue from Taxes on Income will be 5 crores.

71. In the Explanatory Memorandum will be found a statement which shows exactly how these proposals will affect income-tax payers at various levels of increase. Briefly, they will add an extra charge of about 2 to 5 per cent. on all incomes. The rates of additional tax have been so adjusted as to produce, in the final result, an evenly graduated scale of burden increasing as the income increases, and this object must be borne in mind in interpreting our proposals.

72. *Final surplus.*—The total yield from the proposed changes in Customs duties and Taxes on Income thus amounts to 14·82 crores, as against which the gap to be filled is 14·51 crores, so that I am left with a small surplus of 31 lakhs.

73. *Possibility of grants for Sugar and Jute.*—From this balance I wish to preserve the possibility of making certain grants for beneficial purposes.

It is particularly the desire of the Government to support schemes for the encouragement of the sugar industry, and there are certain schemes which may shortly be put before us by the Imperial Council of Agricultural Research which may require a provision of 5 to 10 lakhs next year.

Then again, there is the question of the establishment of a Central Committee for Jute, which Government also are most anxious to promote. This matter is now under discussion between the Government of Bengal and the various jute interests in Calcutta. The financial basis of the plan would be that Government should make some reduction in the rate of the jute export duty, and legislate for a corresponding amount to be levied as a cess for financing the Jute Committee. The total sum contemplated as required for this is estimated at about 5 lakhs annually, and in order to enable the Committee to undertake useful work from the outset, the Government would be prepared to make a proportionate grant at this rate as soon as it is actually needed—pending the passage of the necessary legislation for the imposition of the cess. I mention this point in order to make it clear that the Government of India are anxious to see this Committee established as quickly as possible. It is for the various jute interests

concerned to agree to the scheme which has already been worked out, and Government stand ready at any time to help financially.

74. In the case of both these possible demands, it would be necessary for us to ask the Assembly to approve supplementary grants. It has not been possible to include provision in the budget, because the demands are not yet before us.

75. *Need for averting another deficit.*—While mentioning the possibility of supplementary demands for moderate sums under these heads, I must also make clear that it will be necessary to maintain a very close financial control throughout the year. Our estimates are framed on sound and reasonable lines, but if internal disturbances continue, they are of course liable to be upset. Expenditure and revenue returns will have to be carefully watched, and, if conditions show signs of deterioration, it may be necessary to take *interim* measures to counteract that. It is vitally important to the financial stability of the country that we should not find ourselves at the end of another year with a large realised deficit.

76. *Plan of new taxation.*—That concludes my account of the measures for balancing the budget, but before I turn to explain our borrowing programme and the ways and means position, I wish to make certain general observations on the whole plan of new taxation.

77. *Customs.*—As regards the customs proposals, I trust that these will, on the whole, receive commendation from this House. They involve, of course, a substantial addition to the cost payable by consumers; but as against this, I would point out that prices are low and that it is just for this very reason that additional percentages in our duties are necessary. Although the rates are enhanced, we shall not in fact be raising more in this form of taxes than was to be expected as the yield from Customs at the old rates in a normal year, while, as far as Indian industry is concerned, the general effect of the new duties should be beneficial.

78. *Silver.*—It is necessary for me to make special reference to the proposed increase in the tax on silver because this has a general bearing on the whole question of our policy in relation to silver and its effect on the world position.

79. The increase of 2 annas an ounce which we are proposing is estimated to produce 75 lakhs from the import duty and 7 lakhs from the excise or 82 lakhs in all. In itself it is a clearly justifiable form of raising revenue as part of the general plan designed to meet the situation which confronts us this year. The only possible objection to it might be based on broader grounds, that is to say, on a fear that it might tend to check consumption of silver in India and thus further weaken the price of silver to the disadvantage not only of India but of the whole world. We have given the fullest weight to this consideration, but with the very moderate increase in the duty which we now propose, we do not think that the fear is justified. Similar apprehensions were expressed in certain quarters last year when we imposed the duty of 4 annas. But although this weakened the price for a few days, the market almost immediately recovered, and in spite of the duty and of the great decline of India's purchasing power, the consumption of silver in the current year is keeping up to the normal level. In fact, we anticipate a consumption, taking all sources of supply into account, of between 100 and 110 million ounces.

India's consumption should not therefore this year be seriously affected by the increased duty, while, as regards helping to maintain the price of silver, we are prepared to consider action in other ways.

80. *Steps to maintain price of silver.*—I announced in my budget speech last year that the Government of India would be prepared to co-operate with other silver interests if any practical scheme could be devised for controlling the production of new silver and the sale of new and existing stocks. Unfortunately, the only response to my offer has been on the lines indicated in certain utterances which have appeared in the press by representatives of the main producing interests in America. In general, these gentlemen propose that their own production of new silver should remain unrestricted, but that Governments and others who hold large stocks of silver should refrain from realising their holdings, and leave the world's markets free for the new production. Now, whatever criticisms non-official Members in this House may have made in the past on our policy of selling silver, I am sure that they would not expect the Government of India to part with the country's rights by acceding to any such one-sided arrangement.

81. The demand that the Government of India should refrain from selling is, indeed, an astonishing proposition when the facts are studied. For, in fact, the whole world depends on India as a consumer. In the five years ending March 31, 1930, India absorbed about 540 million ounces of silver or 108 million ounces per annum. According to present indications, her absorption, even in the current year, will be up to this average, so that the total absorption in 6 years will be about 650 million ounces. As against this, the Government of India have sold out of their own holdings a total of only about 90 million ounces since 1926. Yet it is suggested that even this moderate realisation is to stop, and that India is to stand aside and keep her own home market free to absorb the production from the mines of Mexico and the United States. This is clearly an unacceptable idea, and however anxious we may be—as indeed we are—to help, we must, as a condition of co-operation, secure fair consideration of India's interests. In the meanwhile, we must retain a free hand.

82. We must also ask ourselves whether co-operation is likely to lead to the desired result. The more I study the matter the more convinced I am that the fall in the price of silver is part of a much wider movement, and the more doubtful I become whether silver can be dealt with successfully in isolation. The fall in silver prices, in fact, has not really been out of relation to that in the case of other metals. Taking the price of silver, tin, lead, spelter and copper on March 31, 1926, and treating these prices as 100, the figures for the various metals at the end of January 1931 were 46·3 for silver, 41·4 for tin, 44·8 for lead, 38·1 for spelter and 78·1 for copper. Therefore, with the sole exception of copper, all these metals had fallen more than silver. Without going into further details, these facts alone indicate that, although a fall in silver prices may have wider *results*—owing to its currency uses—than a fall in the prices of other metals, nevertheless, the *causes* of that fall may be the same. Any action which does not touch the *causes* of the disease is hardly likely to provide a sound remedy. The conclusion to which this leads me is that, if there is to be an international Conference of any kind for dealing with silver, it would be of far greater value to the world if it could also deal with all those other factors in the present world situation which might be

affected by international co-operation. I believe that such international co-operation is needed, and that India can play a very important part in it. But the development of this idea would take me into a wider sphere than I can traverse to-night. I hope to find other occasions for its discussion.

83. *Taxes on Income.*—As to the income-tax proposals, I wish to make clear that we regard these very specially as measures designed to meet the present emergency, but not necessarily permanently required. Certain features, indeed, may be permanently retained, such as the adjustments in the grading of income-tax, and the reduction of the super-tax level, but, in the main, I would ask that these proposals should be regarded as a temporary measure, a provisional defence thrown up to meet the present need, behind which the situation can be studied and more permanently consolidated. We want during the next year to consider, first, whether we have to face a permanent reduction in our general revenues due to a permanent lowering in prices all round, and whether, as a result of this, there is any means for permanently reducing the cost of Government; secondly, how our plans for distribution of revenue to Provincial Governments under the new constitution can be fairly adjusted; thirdly, whether any alternative methods of raising revenue can be devised which will be less hampering to the economic life of the country. These are some of the main questions which have to be studied before it can be said that taxes on income must be retained at these rates.

84. In the meanwhile, the proposals represent, as I have already stated, a sacrifice to be imposed, in order to meet the present emergency, on all the monied classes of the country, and falling especially with unerring aim and full weight on the whole class of Government officials. So far as these officials are concerned, the increased levy operates as a cut in salaries. I do not, however, attempt to conceal the fact that, by achieving such a purpose in this way, the Central Government is in a sense benefiting at the expense of the Provincial Governments, and, for this reason, our earnest attention will be required during the forthcoming year to devise measures for some other means of adjusting the position.

85. I must, at this stage, mention two other measures as regards income-tax which are under consideration by Government.

86. *Carry-forward of business losses.*—In the first place, there is the question of allowing assessees to set off against business profits losses incurred in preceding years. I explained in my last budget speech that, if the revenue position made it possible, it was our intention to make a start in the introduction of such a provision—but that we had to be guided not so much by considerations of principle as by the practical conditions as regards revenue. It would mean a substantial loss of revenue, and the question for us is whether the country can afford it. Unfortunately, we cannot at present rely on having any margin for sacrifice, while there are certain practical considerations affecting the immediate introduction of such a measure which have special force just now. If the principle were to be introduced next year by allowing losses incurred on the current year's assessments to be carried forward, we should be starting at a very bad moment, for there must have been an exceptional number of cases of trading at a loss this year. At the same time, it is probable that no immediate benefit would be felt by those concerned. Assessments for the current year are based on results of 1929-30. Assessees who incurred a loss during that year are not very likely to have made any profit during 1930-31, so

that they would have no margin from which to obtain relief on next year's assessment. On the other hand, looking further to the future, if the principle of carrying forward losses were gradually extended up to 3 or 6 years starting with 1929-30, we should be imposing a heavy burden to be made up whenever a recovery in trading conditions takes place. That would be severely felt in the early years of the new constitution and would affect the amount which can be spared from Central revenues for the relief of the Provinces. Honourable Members will, I feel sure, appreciate our reluctance to impose such a burden on the future constitution, even if we could afford the immediate loss which, according to present estimates, we cannot do.

87. In these circumstances, we feel that there are two conditions which must be satisfied before we can take action; first, the revenue position must show signs of improvement, and secondly, we must be assured that public opinion, after fully appreciating all the implications, is definitely in favour of such action. As regards the second of these conditions, I shall be glad if Honourable Members would take occasion to express their views on this matter in the course of debate.

88. *Taxation of foreign incomes.*—The second point on which I wish to speak is this. It has for some time been apparent that there is a serious lacuna in the existing provisions for taxing income from foreign investments. In fact, our law affords a direct incentive to investors to place their money in foreign securities for the sake of avoiding income-tax.

89. I need not now go into any detailed explanation of the position—which is, indeed, well known—I will only say that we intend to introduce legislation this session for the taxation of income from foreign investments on the lines of the law now prevailing in the United Kingdom. This legislation, if passed, may bring in some additional revenue, but I have not made any allowance for this in the budget estimates. Our primary purpose will be to remove an incentive towards the export of capital which is extremely detrimental to Indian interests.

Ways and Means.

90. *Summary.*—I will now turn to a review of the ways and means position for the current year and the next, which I may preface with a summary in the usual form:

(In crores of rupees.)

	Revised, 1930-31.	Budget, 1931-32.
Liabilities.		
Railway capital outlay (construction)	14·50	11·45
Other capital outlay	3·53	1·93
Provincial drawings	11·50	9·50
Discharge of permanent debt (net)	18·88	29·54
Discharge of India Sterling Bills	8·00	..
Contraction against rupee securities	28·92	..
Other transactions	·76	—·18
	86·09	52·24

(In crores of rupees.)

	Revised 1930-31.	Budget 1931-32.
Resources.		
Revenue surplus	—12·68	·31
Rupee loan (net)	29·71	15·00
Sterling loan (net)	35·64	24·76
Treasury bills with public	8·96	..
Loan from Imperial Bank	5·40	—5·40
Post Office cash certificates and savings bank	2·46	4·06
Other unfunded debt	2·46	5·64
Appropriation for reduction, etc., of debt	5·00	6·17
Depreciation and Reserve Funds	—5·92	·98
Reduction of cash balances	15·06	·72
	86·09	52·24

91. *Current year.*—In the budget for 1930-31, I estimated that a loan of 23½ crores in India, together with borrowings in London to the extent of £6 millions would enable Government not only to meet the excess of disbursements over receipts but also to reduce the amount of treasury bills outstanding in India by 4 crores. The position now is that in spite of a loan of 29·71 crores in India and sterling borrowing amounting to £31 millions (details of which I shall explain later), it is estimated that the amount of treasury bills outstanding with the public in India at the end of the year will be 45 crores, *i.e.*, 25 crores in excess of the amount shown in the budget. The total real deterioration is therefore nearly 64½ crores. The main reasons for this exceptionally large deterioration are:

First, the increased demands for finance made on the Government in their capacity as bankers for the Provincial Governments and the Railways.

Secondly, diminished receipts from Savings Bank deposits and Post Office Cash Certificates.

Thirdly, the deficit on the Central Government budget.

And, lastly, the effects of the withdrawal of redundant currency from circulation by contraction.

I will explain these factors more fully.

92. *Demands on the Government as bankers for the Provinces and the Railways.*—The Government of India are bankers and financiers to the Provincial Governments and the Railways, and this capacity involves a large additional strain on the Government resources in times of stress. Owing to the unfavourable economic situation and the political disturbances, *Provincial Governments* have to face a serious diminution in revenues and the probability of considerable additional expenditure on the relief of agricultural distress. It is anticipated that their requirements will exceed by 3½ crores the budget estimate of about 8 crores. As the House knows, the finances of the *Railways* have been more seriously affected. They will draw 9·65 crores more than was anticipated.

93. *Post office Cash Certificates and Savings Bank deposits.*—The receipts from these sources have also been seriously affected by general conditions. Since the 15th September, when the yield on Post Office Cash Certificates was increased to 6 per cent., sales have shown a welcome

increase, but encashments are still heavy and withdrawals of Savings Bank deposits, which have been considerable in past months, still continue. It is therefore anticipated that receipts from these two sources will be 3·74 crores less than the budget estimate.

94. *Budget deficit.*—As I have already explained, the estimated deficit of 12·68 crores will remain uncovered and will be an addition to the unproductive debt. As the budget provided for a surplus of 86 lakhs, the total worsening in the ways and means position on this account comes to 13·54 crores.

95. *Contraction.*—Lastly, I come to the operations of Government as currency authority which have inevitably had an effect of great magnitude on the ways and means position this year. In my last budget speech I explained how falling prices and trade depression necessitate contraction of the currency, and how in India, where Government are the currency authority, such contraction adversely affects the ways and means position. The universal fall in prices which began in 1929 has continued throughout the year. The ebb in the world trade has been exceptionally large, while, in India, political disturbances have led to further restriction of commercial activity. Government have, therefore, as part of their normal duties as currency authority, been obliged to continue the withdrawal of redundant currency from circulation, and between 1st April and 7th February have effected a contraction of about 36¼ crores. The return of silver rupees from circulation amounting to about 17½ crores has counterbalanced to a large extent the contraction against securities and gold, the net result being that the note issue on 7th February amounted to 159 crores as against 177 crores on 1st April.

96. It is of course only the contraction against rupee securities which affects the ways and means position, and this is seen in the substitution of treasury bills issued to the public for treasury bills issued to the Paper Currency Reserve, or, in other words, the substitution of interest-bearing obligations to the public for obligations in the form of currency notes. The contraction against rupee securities during the current year has amounted to 29 crores and contraction of 5 crores not provided for in the estimates was effected in March 1930. The resources of Government have, therefore, been depleted by 34 crores on this account. In this connection, it is worth noting that the increase in the estimated amount of treasury bills outstanding with the public at the end of the year is 9 crores less than the amount of the deterioration in the ways and means position due to contraction.

97. The four headings which I have now explained account for practically the entire deterioration of 64½ crores with which I started.

98. *Next year.*—The ways and means programme for next year is necessarily tentative and subject to modification in the light of the actual circumstances which may arise. As the House knows, the Railway capital expenditure has again been drastically reduced, the provision for 1931-32 being 11·45 crores compared with 16·75 crores in the current year. As regards the Provinces, their borrowing programme has also been rigidly controlled so far as new works are concerned, but, in present circumstances, they have certain unavoidable financial requirements. Provision for their demands has, however, been reduced from 11½ crores anticipated this year to 9½ crores. With this reduced provision for Railway capital expenditure and for the Provinces, I estimate that the

total amount of new money required will be 7¾ crores only. Assuming that all this new money required is raised in India, and that 7¼ crores of 6 per cent. 1931 Rupee bonds are converted, a total loan of 15 crores only would be required. So far as sterling operations are concerned, I assume that the £15 millions outstanding from the 5½ per cent. 1932 loan maturing in January 1932 will be converted. Given normal conditions as regards borrowing and remittance from India, no further sterling loans will be required. But this, of course, will be dependent on the conditions to which I have referred.

99. The estimate which I have just given for the borrowing required in India, assumes that the amount of treasury bills outstanding at the end of the year will be the same as at the beginning, *viz.*, 45 crores. I hope, however, that conditions will be sufficiently favourable to enable Government to fund a portion of this floating debt, and as far as I can see at present, there should be no difficulty in accomplishing this without disturbing the market for Government securities.

100. *Home charges.*—In my general review of the financial position to which I shall shortly turn, I shall have to refer to the fact that a substantial export of capital has characterised the period through which we are now passing. This export, occurring at a time when normal trade is depressed, has seriously curtailed the ability of the Government to make remittances through the market and funds have been obtained in London mainly by sterling borrowing. £19 millions were obtained by the issue of 6 per cent. sterling bonds in May and October, while the recent issue of 5½ per cent. sterling bonds will provide £7·8 millions during the current year, the last instalment of the subscriptions on this loan being payable only in April. In addition, £6 millions were borrowed from the Imperial Bank of India in instalments in July and August and repayable between January and April. Instalments of £3 millions from this loan falling due in January and February were renewed for three months, but the remaining instalments will be repaid from the proceeds of the 5½ per cent. sterling bond issue, the net result being that £4 millions of the loan will be outstanding at the end of the year. On the other hand, £6 million India bills falling due in December were repaid. The net sterling borrowings during the year will, therefore, have been nearly £25 millions. This amount, together with the purchases of sterling already made, *viz.*, £5,395,000, will enable the Secretary of State to close the year with a balance of £4·8 millions. For next year, assuming that £15 millions outstanding on account of the 5½ per cent. 1932 loan are converted directly or indirectly, I estimate that the net requirements of the Home Treasury will be £33⅓ millions inclusive of £2·4 millions for Railway capital expenditure. With a reversion to normal conditions in the political sphere, and a restoration of confidence in the future stability of India under the new constitution, there should be no difficulty in obtaining this sum by remittance through the market. The future in this respect lies really in the hands of responsible Indian leaders.

Review of Currency Policy.

101. Before leaving this subject, I feel it necessary to put before the public a general review of the Government's currency policy, and its effects on the financial situation.

102. Much misapprehension exists in the public mind on these questions. The main charges which are made against the Government are that their currency policy has, first, by excessive contraction created a shortage of currency in the country producing a fall in prices; secondly, resulted in the Government incurring a heavy floating debt with serious loss to revenue; thirdly, increased the difficulties of the business world by the artificial creation of dear money; and fourthly, reacted on the credit of India and led to costly sterling borrowing.

103. *Contraction justified.*—I wish to deal with all these charges and to explain in very elementary terms (for which those who are experts on this subject must excuse me) the manner in which our duties as currency authority have unavoidably reacted unfavourably on our financial position. I will take them in order beginning with the charge of contraction. Here I must at the outset, emphasise two points:

First, that the reduction in the volume of currency in circulation is by no means excessive, having regard to the fall in prices and the diminished money value of business transactions.

Secondly, that India plays a minor part in the world action affecting prices. India is not a large enough factor to be able to take the lead in international economics, and the level of prices in India for all commodities which are handled in international trade must follow world prices. Our contraction, therefore, has been a necessary consequence of, or sequel to, the fall in world prices. It cannot be regarded as a *cause* of that fall. If we failed to regulate our currency policy in such a way as to keep internal prices in India on a parity with world prices, it would mean the establishment of an inflationary position in India, which would upset the balance of trade by encouraging imports and discouraging exports, and lead inevitably to a loss of India's gold reserves. This is elementary.

104. Now, as to the extent of our contraction, I believe that an impartial observer, far from saying that this has been excessive, would be more likely to take the contrary view and criticise Government as currency authority for not having contracted currency sufficiently. It is not easy to prove this assertion by precise figures because so many factors have to be taken into account, but the following calculations bring out the main consideration and afford striking general support to the thesis which I have stated.

105. According to the evidence tendered to the Currency Commission, the amount of rupee coin outstanding on the 1st April 1926 was 350—400 crores of which 77 crores were held in the Paper Currency Reserve, while the note issue on that date amounted to 193 crores. The total amount of currency in circulation at that time therefore, taking notes and silver currency together, was somewhere between 466 and 516 crores. Between 1st April 1926 and 31st December, 1930, the return of rupees from circulation amounted to about 64 crores, while the note issue on the latter date was 161 crores, so that the total amount of currency in circulation was about 370 to 420 crores. That is to say, since April 1926, there was a reduction of 18 to 20 per cent. In the same period the Calcutta index number of wholesale prices fell 31·5 per cent., that is to say, from an average of 148 in 1926 to 101 in December

1930. The percentage reduction in the amount of currency in circulation is therefore small in comparison with the percentage reduction in prices.

106. This, then, is my answer to the first charge:

The contraction effected by the Government has been an essential sequel to the fall in world prices, and it has not been carried to an excessive extent.

107. *Deterioration in financial returns inevitable.*—I now come to the second charge. This is no more than a complaint about what in fact is an inescapable result. For it is unavoidable that contraction of currency should have an adverse effect on Government finances when the Government are the currency authority. The Government, by putting into circulation coin or notes, make thereby a profit. For they have the use of, or get the credit for, currency which cost them much less than the face value of the currency produced, and are able to save or earn interest on this money. The Government thus get the benefit, in the case of coin, of the difference between its face value and its bullion value, and, in the case of currency notes, of the currency value less the cost of printing the notes. To the extent that currency has to be contracted, the Government inevitably lose this benefit. Thus they suffer not an absolute loss, but a diminution in the profit which they would otherwise make as currency authority if more notes and silver currency were in circulation. The effect is seen in the form of, on the one hand, a drop in the amount of treasury bills held in the Currency Reserve, the discount on which comes back to the Government as currency profits and on the other hand, an increase in the treasury bills held by the public, on which, of course, the discount goes to the public. My answer to the second charge therefore is this—*The deterioration in the Government's financial returns is inevitable if the volume of currency in circulation has to be reduced.* It is no use blaming the Government for what is called their "ruinous policy." Government have no choice in the matter if they are to perform their first duty as currency authority—the duty of maintaining stability of the currency.

108. *Policy of dear money forced on Government.*—I now come to the third charge. As to this I venture to assert that the following is a true appreciation of the position. While contraction of currency has been the normal sequel to the fall in world prices, there would have been no necessity for maintaining rates of interest in the money market at such a high level if there had not been present other reasons of a nature special to India. I must say something of these special reasons. The disturbance created by the civil disobedience movement, combined with the general uncertainty as to the political future of India and the effect of constitutional changes, has created a general feeling of nervousness among Indian investors and caused a considerable flow of capital from India. It is impossible to obtain even approximate figures of amount of capital exported, but an examination of the trade figures and the Government remittances gives some idea of its magnitude. The visible balance of trade in favour of India for the nine months April to December 1930 was 34·43 crores as compared with 41·62 crores in 1929 and 39·76 crores in 1928. This figure is, in all the circumstances and having regard to the abnormal fall in the world prices for India's exports, remarkably favourable. On the basis of this balance of trade, it would have been legitimate to expect that, even in this bad year, Government would have been able to effect large remittances to London; but the actual facts are

that during the last three months, Government have had to make considerable sales of sterling to meet demands for private remittance and these sales have practically balanced purchases made earlier in the year. This phenomenon must be ascribed almost entirely to export of capital, partly movement of real investment money and partly speculative remittance due to apprehensions regarding the financial stability of India. Now, this is a process which the Government of India, both in order to maintain stability of currency and in the general interests of India, are bound to fight. And this they have done. In order to check this export of capital and attract money to India for investment, they have taken the measures which the currency authority of every country is bound to take in similar circumstances in order to maintain the value of the currency; that is to say, measures designed, on the one hand, to make it difficult to obtain rupees for conversion into foreign currency, and on the other, to make it attractive for foreign funds to seek employment in India. With this object Government have had to maintain interest rates at a higher level than would otherwise have been necessary, and have had to draw surplus funds off the market by issue of treasury bills at expensive rates. This policy has, of course, inevitably, not only had an adverse effect on Government finances but has also reacted unfavourably on private traders; *but it has been forced on the Government by those private interests who, for various reasons—nervousness as to India's future or the desire for speculative gain,—are sending money out of the country.*

109. *Cost of borrowing governed by political factors.*—This brings me lastly to the fourth charge which is closely connected with that which I have just discussed—the charge that this policy has depreciated India's credit and led to costly borrowing—particularly sterling borrowing. It is, of course, true, as a general proposition, that high rates in the money market have a tendency to depress the price of Government securities. But this is no more than a general tendency, and in the case of India, high rates for short money this year have certainly not been a major factor in the security market. Though money rates in India have been high in relation to the rest of the world, they have been no more than normal for the busy season in India. The experience of recent years shows clearly that, with an effective bank rate of 7 per cent., the long term Government securities may quite well be selling on a 4½ per cent. basis. Money has only been tight for short periods this year, and we must look elsewhere for the main cause of the decline in Indian securities. Their prices have, in fact, been governed almost entirely by political factors. It is of course inevitable that, with great but uncertain constitutional changes hanging over the whole position, the price of securities should fall. Rupee securities in India must, in the main, move in relation to London prices, and the London business world dislikes uncertainty above all things. It need not necessarily mean distrust in those who may be responsible for working the new constitution, but rather a fear of the unknown, and a feeling that the new machine must prove itself. On top of this, however, the effect of uncertainty has been enormously increased by some of the aspects of the civil disobedience movement. I do not wish to dwell on these matters to-night, nor do I share the general lack of confidence in the future, but it is perhaps not unreasonable to ask those who resent it to realise that the changes now under discussion are sudden and vital and that the outside world must get accustomed to new ideas, and, in the meanwhile, demand some proof or guarantee for the new order.

110. *Safeguards.*—If, for these reasons, safeguards are proposed, their object is the maintenance of confidence and credit until the new order has proved its stability. In these circumstances, the best service that representative Indians can render to their country is to convince the world that safeguards will never have to be called into play, and this they can best do by joining us in a common effort to work out means both for solving the problems of the immediate future and for effecting, without shock or weakening, the coming change in the foundations on which the whole structure of Government depends.

111. In the meanwhile, we who bear the present responsibility can do no more than carry out our task with honest purpose and fixed determination. If that common effort to which I have just referred could be made, many of India's present difficulties would disappear. I believe that, if we could restore trust in the future, investors would regain confidence, the movement of capital would stop, further borrowings in London would become unnecessary, securities would rise, and India could enjoy, with the rest of the world, that help which cheap money can give to commerce and industry. All this lies rather in Indian hands than in ours.

112. *The ratio question.*—At this point there will, of course, occur to many the well-known argument that it is only because the Government are maintaining the so-called "unnatural ratio" of 1*s.* 6*d.* that all these difficulties are being felt. I have no time to enter fully to-night into that old controversy; but there are some points which I must emphasise.

113. Every single one of the steps which we have had to take this year in the way of contraction of currency to meet the fall in world prices would have been equally necessary in order to maintain stability of exchange, whatever the level at which the ratio had been fixed. If the rupee had been stabilised at 1*s.* 4*d.* in 1926, the present fall in world prices would have been felt in India with exactly the same severity, and similar contraction of currency would have been necessary. Those who, in order to avoid such steps, and *to meet present difficulties*, are pressing for a change in the rupee ratio, are really asking (although they do not always realise it) not for a mere change from 1*s.* 6*d.* to 1*s.* 4*d.* but for a completely unstable currency as opposed to a currency stabilised in relation to gold.

114. Whether, if exchange had in the past been stabilised at 1*s.* 4*d.*, the speculation and the export of capital to which I have referred would have been any less, is a question which I must leave to others to argue.

It is a barren speculation, for we are not concerned with what "might have been," but with the practical question: "What ought we to do now?"

115. On the answer to that question I can feel no shadow of doubt. I can imagine no course more fatal to India's financial well-being than to make a change in the currency system now. To those who urge this course I would say—Realise what you are doing. There is no question now of choosing between 1*s.* 6*d.* and 1*s.* 4*d.* It is a choice between a stable currency and complete instability. If once the country, having adopted stability and accepted a statutory obligation, repudiates that obligation in order to meet difficulties of the moment, what confidence can any one have in the future that such a step will not be taken again? You could not thereafter maintain stability. Do the Indian public really want a completely unstable currency? I am certain they do not. I am certain that, if that choice was made clear to them, they would reject it, and I am certain that they would be right in doing so. In any case, it would

be madness to risk a change amidst all the present uncertainties, when the old foundations on which the present India has been built up are to be withdrawn, and when the economic crisis is unsettling the whole world. It would be nothing less than a breaking away of the ship from its anchorage and letting it drift all unprepared into the storm. In saying all this, I am only repeating what I have often said before. I repeat it because the new circumstances have not lessened our duty to defend the position in India's interests. They have rather made it stronger. That defence must be continued; but if we could achieve that common effort of which I have spoken, it would be possible to divert the energy and resources which must now be expended in mere defence, into a constructive programme for the benefit of trade and of the economic life of the country which so badly needs it.

CONCLUSION.

116. I fear that I have detained Honourable Members very long in giving this review of the present position and my proposals for the future. In conclusion, I would wish shortly to summarise the position as I see it and to consider how we stand and where we are going.

117. Confronted with a large deficit, we have made proposals which are, I venture to claim, adequate to meet the present situation, and which, while fairly distributing the burden which it is necessary to impose, may have some results not unpropitious for the development of Indian industry. But the work must not stop there nor can we rest satisfied that permanent provision has been made for the future. The present situation must, as I have already said, be kept under close control during the year, while, as to the future, that demands not merely that we should balance the Central Budget, but that we should provide a margin for distribution to the new Provincial Governments. Even if we have met the needs for the moment, there lies before us a mass of questions needing early investigation and action. The main task falls under three heads—the development of new sources of revenue, the reduction of expenditure wherever waste can be eliminated, and the formulation of a constructive policy to help the economic productivity of the country.

118. As an example of new sources of revenue which demand special study, I would specially refer to the consumption of tobacco, the consumption of matches, and possibly also death duties. If we examine the fiscal systems of European countries, we find that, in almost all cases, great reliance is placed on these sources of revenue. In India, however, they play practically no part.

119. As regards tobacco, I may take this opportunity of expressing my appreciation of a very valuable Memorandum which I have received from the Chairman of the Bengal National Chamber of Commerce, containing a study of the operation of a tobacco monopoly in other countries and suggesting the introduction of such a system in India. This is a matter which has often been considered, but never, I think, pursued to the end, and we are now consulting Provincial Governments, as to setting up a special Committee to study the question this year.

120. Then as regards matches. The question of imposing an excise duty on matches is also no new one. But, for various reasons, until there can be established some form of economic union between British India and the Indian States, providing for joint action on such matters, this source cannot be developed to produce important sums of revenue. The possibility for

such joint action will, I hope, be provided under the Federal constitution for India which has now come within the horizon of practical politics. Pending the achievement of this, we are studying the practical possibilities.

121. I have mentioned these two cases in order to show that we are actively studying possibilities on the first of the three main heads of action—the development of new sources of revenue.

122. As to the second—the reduction of the scale of expenditure,—I have already explained what is to be done—the appointment of a Retrenchment Committee for the Central Government—the appointment of a special Committee for Posts and Telegraphs—the action contemplated by the Railways—the holding of a Conference with Provincial representatives to consider the question of future rates of pay—and, combined with all these, the continuance of the constitutional discussions.

123. As to the third heading—a constructive policy to help the economic development of the country,—this is so wide a subject that it is more difficult to define exact proposals. At the moment, and for the sake of attaining immediate results, world conditions are of such dominating importance, that some kind of international action seems necessary. I have already made some reference to this possibility in dealing with silver. I believe that India could play an important part in such international action. If we turn from that to consider our domestic possibilities, the greater part of the field of action lies with the Provincial Governments, but I myself hope that the Banking Enquiry Committee, whose Report should now shortly be available, may open up for us in the Central Government some lines of action. Connected with the subjects with which the Banking Committee are concerned, are two which have always seemed to me to be of dominating importance for India—the proper organisation of the marketing of Indian agricultural produce and the development of the co-operative movement. I can merely mention these—there is no time now to develop all that is to be said about them. Apart from the Banking Committee's recommendations, there are several matters now before us—the Tariff Board's Report on Sugar, the creation of a Central Jute Committee, and the Tariff Board's Report on Salt, while Honourable Members are also aware that we have been studying the question of setting up an organisation for the better study of economic questions. As to this, we hope to receive Sir Arthur Salter's Report in the course of the next few weeks, and to publish it immediately.

124. All these measures represent small parts in the task which lies before India in this matter. We in the present Government appreciate the task, but I would ask the public also to appreciate our special difficulties at the present juncture. We are in a sense in the position of managers of a business, for which a change of management is under discussion. On the one hand, whatever steps we take now will affect the position of our successors; on the other hand, the value of the steps which we may take depends on how far our successors will be guided by those principles on the maintenance of which the success of any policy depends.

The transfer of management cannot be immediately effected, and upon us rests the responsibility of carrying on during the period of preparation for such transfer.

125. In such circumstances, in the case of a business, if I may continue that analogy, the parties concerned, if they were upright and sensible

men, would surely say: "We must co-operate during the period of preparation."

I can hardly imagine that, in such circumstances, the new proprietors would say: "Those whom we are succeeding are our enemies. We will try to trip them up at every turn and make their conduct of the business a failure."

126. Such co-operation is particularly necessary just now, for the business which is to be transferred is having to face very adverse world conditions and to go through very difficult times. Moreover, the very anticipation of the transfer is affecting its credit; because the world has not yet had the opportunity to gain confidence in the new managers. The simile which I have used gives, I think, not an untrue picture of the present position, and I hope that my words may cause the public and particularly the leaders of commercial opinion in this country, to ponder on what it means to all of them.

127. Speaking for myself, my main pre-occupation is to run the business well while I am responsible for it, and to hand it over in sound condition with no hidden weaknesses and with credit unimpaired. But that is merely the negative or defensive side of policy. The active and constructive side—the preparation for future development—must also be considered. Perhaps Honourable Members, truly interpreting these remarks which I have made, will be able, in the course of the debate, to suggest means and methods for that co-operation on which, in the conditions which now surround us, the welfare of India, for all the future which we can foresee, may possibly depend.

128. Sir, I have done. I will not attempt any rhetorical peroration, but merely say this. I have tried, in these proposals, to measure the needs fairly and to meet them fully, guided above all things by the purpose of handing over a sound business to my successor. (Applause.)

GEORGE SCHUSTER.

The 28th February 1931.

BUDGET

of the

Governor-General in Council,

as laid before the

Indian Legislature, 1931.

FINANCE DEPARTMENT,
New Delhi, the 28th February 1931.

A. C. McWATTERS,
Secretary to the Govt. of India.

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I.—General Statement of the Revenue and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1929-30.	Budget Estimate, 1930-31.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	51,37,66,329	54,63,81,000	47,01,93,000	56,45,97,000
Taxes on Income	,,	16,70,00,831	17,99,78,000	15,79,83,000	18,49,54,000
Salt	,,	6,76,49,354	7,04,82,000	6,85,00,000	7,05,00,000
Opium	,,	3,04,69,788	2,71,80,000	2,62,00,000	2,15,58,000
Other Heads	,,	2,25,67,177	2,30,86,000	2,20,63,000	2,21,46,000
TOTAL PRINCIPAL HEADS		80,04,43,369	84,71,08,000	73,49,93,000	86,37,55,000
Railways: Net Receipts (as per Railway Budget)		37,16,42,648	38,10,00,000	39,18,71,000	30,55,02,000
Irrigation: Net Receipts	A	9,93,201	14,25,000	8,95,000	13,75,000
Posts and Telegraphs: Net Receipts	,,	1,49,901	21,52,000	—63,85,000	—54,21,000
Interest Receipts	,,	4,49,60,589	3,45,31,000	3,32,07,000	2,91,99,000
Civil Administration	,,	1,16,53,526	1,06,44,000	96,99,000	1,03,45,000
Currency and Mint	,,	2,73,68,805	2,89,15,000	1,25,99,000	63,34,000
Civil Works	,,	22,65,456	26,17,000	28,00,000	24,85,000
Miscellaneous	,,	95,62,413	86,11,000	85,63,000	73,89,000
Military Receipts	,,	3,98,08,743	3,62,08,000	3,62,30,000	4,47,57,000
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments	,,	3,011	...	...	...
Extraordinary Items	,,	1,88,94,440	32,00,000	98,84,000	30,44,000
TOTAL REVENUE		1,32,68,55,102	1,35,64,11,000	1,23,43,61,000	1,35,87,64,000
DEFICIT		...	...	12,68,42,000	...
TOTAL		1,32,68,55,102	1,35,64,11,000	1,36,12,03,000	1,35,87,64,000

Revenue of the Central Government, in India and in England.

	For details, *vide* Statement.	Accounts, 1929-30.	Budget Estimate, 1930-31.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
		Rs.	Rs.	Rs.	Rs.
Expenditure—					
Direct Demands on the Revenue .	B	4,08,49,232	4,35,57,000	4,40,14,000	4,40,34,000
Forest and other Capital outlay charged to Revenue . . .	,,	5,13,198	6,33,000	5,09,000	2,16,000
Railways : Interest and Miscellaneous Charges (as per Railway Budget) .	,,	31,04,56,685	32,36,43,000	33,45,14,000	34,19,00,000
Irrigation	,,	29,97,935	25,71,000	38,54,000	22,10,000
Posts and Telegraphs	,,	82,68,322	92,73,000	96,54,000	42,49,000
Debt Services	,,	16,58,67,427	17,81,58,000	17,22,26,000	18,77,40,000
Civil Administration	,,	12,65,91,383	13,26,59,000	13,54,35,000	13,16,36,000
Currency and Mint	,,	74,20,494	77,06,000	99,73,000	78,71,000
Civil Works	,,	2,58,27,070	2,81,06,000	2,68,19,000	2,41,26,000
Miscellaneous	,,	4,45,64,098	4,16,87,000	4,34,53,000	4,08,92,000
Military Services	,,	59,08,08,743	57,97,08,000	57,93,39,000	57,07,57,000
Miscellaneous adjustments between the Central and Provincial Governments	,,	...	...	...	...
Extraordinary Items	,,	6,062	50,000	15,62,000	25,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,32,41,71,564	1,34,78,11,000	1,36,12,03,000	1,35,56,58,000
SURPLUS		26,83,598	86,00,000	...	31,06,000
TOTAL .		1,32,68,55,102	1,35,64,11,000	1,36,12,03,000	1,35,87,64,000

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts.			
		Accounts, 1929-30.	Budget Estimate, 1930-31.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
		Rs.	Rs.	Rs.	Rs.
Surplus	C	26,73,598	86,00,000	...	31,06,000
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)	C	2,43,076	...	...	...
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	20,39,57,284	4,65,00,000	46,47,65,000	10,21,62,000
Floating Debt (net incurred)	,,	30,10,65,000	...	...	...
Unfunded Debt (net incurred)	,,	13,04,22,471	9,36,32,000	4,92,67,000	9,69,72,000
Deposits and Advances (net)	,,	...	5,57,80,000	1,62,67,000	7,44,43,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	,,	...	5,08,95,000	...	1,03,33,000
TOTAL DEBT, DEPOSITS AND ADVANCES.		63,54,44,755	24,69,27,000	53,02,99,000	28,39,10,000
Remittances (net)	C	...	4,95,000	9,10,000	6,47,000
TOTAL RECEIPTS	...	63,83,72,029	25,60,22,000	53,12,09,000	28,76,63,000
Opening Balance { India	...	9,20,46,667	17,79,20,017	25,76,33,677	12,74,69,677
Opening Balance { England	...	6,99,36,668	9,30,41,668	8,51,57,683	6,46,16,683
TOTAL	...	80,03,54,794	52,69,83,765	87,40,00,360	47,98,29,360

Central Government, in India and in England.

	For details, *vide* Statement.	Disbursements. Accounts, 1929-30.	Budget Estimate, 1930-31.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
		Rs.	Rs.	Rs.	Rs.
Deficit		...	...	12,68,42,000	...
Railway, Irrigation, Posts and Telegraphs and other Capital outlay not charged to Revenue—					
Capital outlay on Security Printing Press	C	22,754	45,000	4,43,000	—3,94,000
Construction of State Railways (as per Railway Budget)	,,	30,18,33,675	16,75,00,000	14,50,00,000	17,45,00,000
Discharge of Debentures (as per Railway Budget)	,,	...	...	...	...
Construction of Irrigation Works	,,	2,99,477	1,01,000	46,000	67,000
Capital outlay on Posts and Telegraphs	,,	33,67,339	68,71,000	3,36,000	91,30,000
Capital outlay on Vizagapatam Port	,,	35,75,018	34,20,000	38,75,000	43,18,000
Capital outlay on Light-houses and Light-ships	,,	12,821	...	...	...
Currency Capital outlay	,,	66,632	1,88,000	1,58,000	5,000
Initial expenditure on New Capital at Delhi	,,	72,72,239	51,84,000	52,00,000	24,72,000
Payment of commuted value of pensions	,,	38,08,683	33,59,000	30,51,000	37,38,000
Capital outlay on Bombay Land Scheme	,,	...	2,05,22,000	2,12,20,000	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS		32,02,00,638	30,71,90,000	18,03,28,000	13,38,36,000
Debt, Deposits and Advances—					
Floating Debt (net discharged)	,,	...	4,00,00,000	17,20,70,000	5,39,60,000
Deposits and Advances (net)	,,	1,06,65,355	...	...	...
Railway Depreciation and Reserve Fund as per Railway Budget (net)	,,	1,24,97,917	...	6,80,99,000	...
TOTAL DEBT, DEPOSITS AND ADVANCES		2,31,63,272	4,00,00,000	24,01,69,000	5,39,60,000
Loans and Advances by the Central Government (net Advances)	,,	7,20,11,416	6,73,62,000	8,43,95,000	7,49,71,000
Remittances (net)	,,	51,12,412	...	...	...
Balances of Provincial Governments (net)	,,	3,70,75,996	2,61,13,000	5,01,00,000	3,31,00,000
TOTAL DISBURSEMENTS	...	45,75,63,434	34,06,65,000	68,13,34,000	29,48,67,000
Closing Balance: India	...	25,76,33,677	12,95,94,097	12,74,69,677	12,66,03,677
Closing Balance: England	...	8,51,57,683	5,67,24,668	6,46,96,683	5,83,58,683
TOTAL	...	80,03,54,794	52,69,83,765	87,40,00,360	47,98,29,360

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1929-30.				Revised Estimate,		Item No.
	India.	* England.	Exchange.	Total.	India.	* England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	51,27,66,229	...	...	51,27,66,229	46,01,93,000	...	1
II.—Taxes on Income	16,70,56,233	4,550	38	16,70,60,821	15,79,83,000	...	2
III.—Salt	6,76,46,354	...	...	6,76,46,354	6,85,00,000	...	3
IV.—Opium	3,04,09,788	...	...	3,04,09,788	2,62,60,000	...	4
V.—Land Revenue	38,14,551	2,335	29	38,16,915	38,40,000	...	5
VI.—Excise	54,74,463	...	...	54,74,463	48,30,000	...	6
VII.—Stamps	27,49,660	...	...	27,49,660	27,31,000	...	7
VIII.—Forest	31,28,728	73	...	31,28,801	31,10,000	3,000	8
IX.—Registration	1,66,874	...	...	1,66,874	1,47,000	...	9
X.—Payments from Indian States	72,23,464	...	...	72,23,464	74,12,000	...	10
Total	80,04,36,344	6,958	67	80,04,43,369	73,49,96,000	3,000	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	21,70,203	...	...	21,70,203	21,60,000	...	12
Deduct—Working Expenses	*11,76,050*	*12*	...	*11,76,062*	*12,67,000*	...	13
Net Receipts	9,94,153	—12	...	9,94,141	8,93,000	...	14
XIV.—Works for which no Capital Accounts are kept	2,056	4	...	2,060	2,000	...	15
Total	9,96,209	—8	...	9,96,201	8,95,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Posts and Telegraphs Department—Gross Receipts	11,29,49,633	...	...	11,29,49,633	10,73,83,000	...	17
Deduct—Working Expenses	*11,18,64,906*	*7,44,855*	*6,414*	*11,26,16,175*	*11,26,77,000*	*7,50,000*	18
Net Receipts	10,84,727	—7,44,855	—6,414	3,33,458	—52,94,000	—7,50,000	19
Indo-European Telegraph Department—Gross Receipts	11,80,589	14,02,368	12,717	25,95,614	10,05,000	11,91,000	20
Deduct—Working Expenses	*26,01,497*	*1,76,186*	*1,488*	*27,79,171*	*24,02,000*	*1,39,000*	21
Net Receipts	—14,20,908	12,26,122	11,229	—1,83,557	—13,97,000	10,52,000	22
Total	—3,36,181	4,81,267	4,815	1,49,901	—66,91,000	3,02,000	23
Debt Services— XVI.—Interest	96,52,335	3,41,66,751	2,42,103	4,40,60,589	1,02,06,000	2,27,21,000	24
Carried over	81,07,48,707	3,46,54,368	2,46,985	84,56,50,060	73,94,06,000	2,30,26,000	25

* Sterling converted into Rupees at £1=Rs. 13⅓.

Government, in India and in England.

Item No.	1930-31. Exchange.	1930-31. Total.	Increase (+) Decrease (—) as compared with Budget, 1930-31.	Budget Estimate, 1931-32. India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised 1930-31.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	46,01,93,000	—8,61,88,000	56,45,97,000	...	...	56,45,97,000	+ 0,44,04,000
2	...	15,73,83,000	—2, 9,95,000	18,49,54,000	...	...	18,4[illegible],51,000	+2,69,71,000
3	...	6,85,00,000	—19,83,000	7,05,0[illegible],000	...	...	7,05,00,000	+20,00,000
4	...	2,62,60,000	—9,20,000	2,15,58,000	...	...	2,15,58,000	—47,02,000
5	...	38,40,000	—,77,000	37,81,000	...	...	37,81,000	—59,000
6	...	46,30,000	—5,53,000	46,04,000	...	...	46,04,000	—26,000
7	...	27,21,000	—1,63,000	27,22,000	...	...	27,22,000	+1,000
8	...	31,13,000	—1,32,000	32,43,000	...	...	32,43,000	+1,30,000
9	...	1,47,000	—13,000	1,51,000	...	...	1,51,000	+4,000
10	...	74,12,000	+14,000	74,45,000	...	...	74,45,000	+33,000
11	...	73,49,93,000	—1,21,09,000	86,37,55,000	...	...	86,37,55,000	+12,87,56,000
12	...	21,60,000	—2,22,000	23,57,000	...	...	23,57,000	+1,97,000
13	...	12,67,000	—3,06,000	9,84,000	...	...	9,84,000	+2,83,000
14	...	8,93,000	—5,28,000	13,73,000	...	...	13,57,000	+1,80,000
15	...	2,000	—2,000	2,000	...	...	2,000	...
16	...	8,95,000	—5,30,000	13,75,000	...	...	13,73,000	+4,80,000
17	...	10,73,83,000	—77,02,000	10,96,05,000	...	...	10,96,05,000	+22,22,000
18	9,000	11,34,36,000	—7,35,000	11,42,73,000	7,53,000	...	11,50,26,000	—15,90,000
19	—9,000	—60,53,000	—84,37,000	—46,68,000	—7,53,000	...	—54,21,000	+6,32,000
20	15,000	22,11,000	—2,59,000	...	...	...	...	—22,11,000
21	2,000	25,43,000	+1,59,000	...	...	...	...	+25,43,000
22	3,000	—3,32,000	—1,00,000	...	...	...	...	+3,32,000
23	4,000	—63,85,000	—85,37,000	—46,68,000	—7,53,000	...	—54,21,000	+9,64,000
24	2,80,000	3,32,07,000	—13,24,000	96,52,000	1,95,47,000	...	2,91,99,000	—40,08,000
25	2,84,000	76,27,16,000	—12,25,00,000	87,01,14,000	1,87,94,000	...	88,89,08,000	+12,61,92,000

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1929-30. India.	Accounts, 1929-30. *England.	Accounts, 1929-30. Exchange.	Accounts, 1929-30. Total.	Revised Estimate India.	Revised Estimate *England.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	81,0 ,48,707	3,46,54,368	2,4[illegible],985	84,56,50,000	73,94,[illegible]6,000	2,30,[illegible]6,000	
Civil Administration—							
XVII.—Administration of Justice	3,11,060	...	...	3,11,060	2,82,000		1
XVIII.—Jails and Convict Settlements	4,36,480	...	...	4,36,480	4,81,000	...	2
XIX.—Police	4,59,020	1,200	11	4,60,231	4,93,000	3,000	3
XX.—Ports and Pilotage	23,34,486	..	...	23,34,486	22,58,000	...	4
XX(1).—Light houses and Light ships	13,50,949	...	...	13,50,949	13,09,000	...	5
XXI.—Education	2,14,464	1,022	11	2,15,497	2,14,000	...	6
XXII.—Medical	3,30,879	6,136	65	3,37,080	3,62,000	1,000	7
XXIII.—Public Health	3,73,999	...	...	3,73,999	4,58,000	...	8
XXIV.—Agriculture	22,57,978	...	...	22,57,978	17,30,000	...	9
XXV.—Industries	36,052	..	..	36,052	30,000	..	10
XXVI.—Miscellaneous Departments	19,35,591	16,2 4	167	19,51,982	18,00,000	8,000	11
XXVI-A.—Indian Stores Department	15,93,732		...	15,93,732	2,70,000	...	12
Total	1,16,34,690	24,582	254	1,16,59,526	96,87,000	12,000	13
Currency and Mint—							
XXVII.—Currency	2,20,48,750	26,89,331	23,436	2,47,61,517	1,19,59,000	1,56,000	14
XXVIII.—Mint	26,07,283	5	...	26,07,288	4,81,000	...	15
Total	2,46,56,033	26,89,336	23,436	2,73,68,805	1,24,40,000	1,56,000	16
Civil Works—							
XXX.—Civil Works	22,66,757	—1,287	—14	22,65,456	28,01,000	—1,000	17
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	16,24,412	4,48,710	3,690	20,76,812	12,92,000	2,47,000	18
XXXIV.—Stationery and Printing	39,26,890	34,082	291	39,61,263	39,53,000	19,000	19
XXXV.—Miscellaneous	23,57,554	11,56,200	10,584	35,24,338	15,08,000	15,22,000	20
Total	79,08,856	16,38,992	14,565	95,62,413	67,53,000	17,88,000	21
Military Receipts—							
XXXVI.—Army—							
Effective	1,96,13,763	34,36,121	28,609	2,30,78,493	1,70,51,000	32,47,000	22
Non-effective	28,26,682	66,81,094	56,954	95,64,730	19,26,000	81,69,000	23
	2,24,40,445	1,01,17,215	85,563	3,26,43,223	1,89,77,000	1,14,16,000	24
XXXVII.—Marine	14,73,235	9,705	79	14,83,019	21,85,000	40,000	25
XXXVIII.—Military Engineer Services	56,82,501	...	...	56,82,501	34,70,000	1,000	26
XXXVIII.-A—Transfers from Military Reserve Fund	...	...	...	...	...	...	27
Total	2,95,96,181	1,01,26,920	85,642	3,98,08,743	2,46,32,000	1,14,57,000	28
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—							
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	3,011	...	...	3,011	...	...	29
Extraordinary items—							
XL.—Extraordinary Receipts	1,55,00,000	33,65,359	29,081	1,88,94,440	50,90,000	47,36,000	30
XL-A.—Transfers from Revenue Reserve Fund	...	...	...	..	...	...	31
Total	1,55,00,000	33,65,359	29,081	1,88,94,440	50,90,000	47,36,000	32
Railway Revenues as per Railway Budget	37,16,65,518	—30,813	7,943	37,16,42,648	39,61,97,000	—42,73,000	33
TOTAL REVENUE	1,27,39,79,753	5,24,67,457	4,07,892	1,32,68,55,102	1,19,70,06,000	3,69,01,000	34

*Sterling converted into Rupees at £1 = Rs. 13½.

Government, in India and in England—*contd.*

Item No.	1930-31. Exchange.	1930-31. Total.	Increase (+) Decrease (−) as compared with Budget, 1930-31.	Budget Estimate, 1931-32. India.	England.	Exchange.	Total.	Increase (+) Decrease (−) as compared with Revised, 1930-31.
	Rs. 2,84,000	Rs. 76,27,16,000	Rs. −12,25,00,000	Rs. 87,01,14,000	Rs. 1,67,94,000	Rs. ...	Rs. 88,89,08,000	Rs. +12,61,92,000
1	...	2,82,000	−31,000	2,84,000	...	...	2,84,000	+2,000
2	...	4,81,000	+78,000	4,84,000	...	...	4,84,000	+3,000
3	...	4,96,000	+16,000	6,56,000	...	...	6,56,000	+1,60,000
4	...	22,58,000	−1,84,000	22,86,000	...	...	22,86,000	+28,000
5	...	13,09,000	+24,000	12,98,000	...	...	12,98,000	−11,000
6	...	2,14,000	+9,000	2,09,000	...	...	2,09,000	−5,000
7	...	3,63,000	−2,32,000	5,49,000	...	...	5,49,000	+1,86,000
8	...	4,58,000	+79,000	4,06,000	...	...	4,06,000	−52,000
9	...	17,30,000	−6,78,000	17,77,000	...	...	17,77,000	+47,000
10	...	30,000	+1,000	20,000	...	...	20,000	−10,000
11	...	18,08,000	+2,42,000	19,98,000	9,000	...	20,07,000	+1,99,000
12	..	2,70,000	−2,69,000	3,69,000	...		3,69,000	+99,000
13	...	96,89,000	−9,45,000	1,03,36,000	9,000	...	1,03,45,000	+6,46,000
14	2,000	1,31,17,000	−1,31,50,000	58,78,000	...	...	58,78,000	−62,39,000
15	...	4,81,000	−31,67,000	4,56,000	...	...	4,56,000	−25,000
16	2,000	1,25,98,000	−1,63,17,000	63,34,000	...	...	63,34,000	−62,64,000
17	...	28,00,000	+1,83,000	24,85,000	...	...	24,85,000	−3,15,000
18	3,000	15,42,000	−3,88,000	13,43,000	2,72,000	...	16,15,000	+73,000
19	...	39,72,000	+1,51,000	33,82,000	18,000	...	34,00,000	−5,72,000
20	19,000	30,40,000	+1,89,000	17,31,000	6,43,000	...	23,74,000	−6,75,000
21	22,000	85,63,000	−48,000	64,56,000	9,33,000	..	73,89,000	−11,74,000
22	39,000	2,03,37,000	−87,000	2,17,02,000	34,57,000	...	2,51,59,000	+48,22,000
23	1,01,000	1,01,96,000	+32,69,000	18,68,000	77,04,000	...	95,72,000	−6,24,000
24	1,40,000	3,05,33,000	+31,82,000	2,35,70,000	1,11,61,000	...	3,47,31,000	+41,98,000
25	1,000	22,26,000	+90,000	14,78,000	4,000	...	14,82,000	−7,44,000
26	...	34,71,000	−6,43,000	56,68,000	...	...	56,68,000	+21,97,000
27	...	...	−26,07,000	28,76,000	...	...	28,76,000	+28,76,000
28	1,41,000	3,62,30,000	+22,000	3,35,92,000	1,11,65,000	...	4,47,57,000	+85,27,000
29	...	...	...	...	...	...	...	...
30	58,000	98,84,000	+66,84,000	...	30,44,000	...	30,44,000	−68,40,000
31	...	...	...	...	...	...	...	...
32	58,000	98,84,000	+66,84,000	...	30,44,000	...	30,44,000	−68,40,000
33	−53,000	39,18,71,000	+1,08,71,000	39,99,15,000	−44,13,000	...	39,55,02,000	+36,31,000
34	4,54,000	1,23,43,61,000	−12,20,50,000	1,32,92,32,000	2,95,32,000	...	1,35,87,64,000	+12,44,03,000

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	Accounts, 1929-30. India.	England.	Exchange.	Total.	Revised India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenue—						
1.—Customs	96,13,726	1,37,437	1,155	97,51,318	94,58,000	1
2.—Taxes on Income	70,34,804	1,48,879	1,249	71,84,932	74,53,000	2
3.—Salt	1,25,92,533	1,02,948	845	1,26,96,326	1,27,13,000	3
4.—Opium	47,59,479	1,20,898	896	48,81,273	74,06,000	4
5.—Land Revenue	10,89,505	586	2	10,90,093	10,20,000	5
6.—Excise	16,61,095	4,800	39	16,65,934	16,58,000	6
7.—Stamps	59,771	29,552	268	89,592	41,000	7
8.—Foest	32,48,573	2,10,243	1,918	34,60,734	34,57,000	8
9.—Registration	29,030	...	...	29,030	31,000	9
Total	4,00,87,516	7,55,344	6,372	4,08,49,252	4,32,37,000	10
Forest and other Capital outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	1,12,206	...	...	1,12,206	71,000	11
7A.—Capital outlay on Central Stamp Store	...	...	...	...	...	12
8A.—Forest Capital outlay	3,72,858	27,970	164	4,00,992	4,98,000	13
Total	4,85,064	27,970	164	5,13,198	5,69,000	14
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	12,31,726	...	...	12,31,726	12,68,000	15
15.—Other Revenue Expenditure	15,54,840	53,880	453	16,09,173	21,72,000	16
Total	27,86,566	53,880	453	28,40,899	34,40,000	17
Irrigation, etc., Capital outlay charged to Revenue—						
16.—Construction of Irrigation, etc., Works—Financed from Ordinary Revenues.	1,57,036	...	...	1,57,036	3,31,000	18
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Posts and Telegraphs Department	65,77,989	...	...	65,77,989	75,83,000	19
Indo-European Telegraph Department	5,51,978	...	...	5,51,978	6,10,000	20
Total	71,29,967	...	...	71,29,967	81,93,000	21
Posts and Telegraphs Capital outlay charged to Revenue—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Posts and Telegraphs Department	11,66,936	...	...	11,66,936	12,25,000	22
Indo-European Telegraph Department	—33,297	4,667	49	—28,581	1,31,000	23
Total	11,33,639	4,667	49	11,38,355	13,56,000	24
Debt Services—						
19.—Interest on Ordinary Debt	21,28,32,073	18,91,24,057	13,88,655	40,33,44,785	21,47,72,000	25
Deduct—Amount chargeable to—						
Railways	*18,31,63,197*	*10,69,68,236*	*7,94,731*	*29,09,26,164*	*20,25,69,000*	26
Irrigation	*12,31,726*	...	...	*12,31,726*	*12,68,000*	27
Posts and Telegraphs	*72,90,445*	...	...	*72,90,445*	*83,72,000*	28
Other heads	*17,77,092*	...	...	*17,77,092*	*21,81,000*	29
Provincial Loans Fund	*6,19,72,177*	...	...	*6,19,72,177*	*6,51,00,000*	30
Remainder chargeable to Ordinary Debt	—4,26,02,564	8,21,55,821	5,93,924	4,01,47,181	6,47,18,000	31
20.—Interest on other Obligations	6,80,03,017	3,40,654	3,575	6,83,47,246	8,07,16,000	32
21.—Reduction or Avoidance of Debt	5,73,73,000	...	...	5,73,73,000	6,14,56,000	33
Total	8,27,73,453	8,24,96,475	5,97,499	16,58,67,427	8,34,54,000	34
Carried over	13,45,53,241	8,33,28,336	6,04,537	21,84,86,114	14,07,70,000	35

* Sterling converted into Rupees at £1 = Rs. 13⅓.

of the Central Government, in India and in England.

Item No.	Estimate, 1930-31.			Increase (+) Decrease (—) as compared with Budget, 1930-31.	Budget Estimate, 1931-32.				Increase (+) Decrease (—) as compared with Revised, 1930-31.
	* England.	Exchange.	Total.		India.	* England.	Exchange.	Total.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	1,71,000	2,000	96,31,000	—1 83,000	96,40,000	1,66,000	...	98,06,000	+1,75,000
2	97,000	1,000	75,51,000	—38,000	75,87,000	1,39,000	...	77,26,000	+1,75,000
3	1,05,000	1,000	1,28,19,000	—3,48,000	1,23,10,000	1,03,000	...	1,24,13,000	—4,06,000
4	1,17,000	1,000	75,24,000	+10,67,000	72,62,000	1,01,000	...	73,63,000	—1,61,000
5	...	...	10,20,000	—16,000	9,77,000	12,000	...	9,89,000	—31,000
6	26,000	...	16,84,000	—75,000	18,81,000	29,000	...	19,10,000	+2,26,000
7	43,000	1,000	85,000	+20,000	43,000	28,000	...	71,000	—14,000
8	2,09,000	3,000	36,69,000	+29,000	35,25,000	1,99,000	...	37,24,000	+55,000
9	...	...	31,000	+1,000	32,000	...	...	32,000	+1,000
10	7,68,000	9,000	4,40,14,000	+4,57,000	4,32,57,000	7,77,000		4,40,34,000	+20,000
11	...	...	71,000	—1,11,000	1,02,000	...	...	1,02,000	+31,000
12	...	...	...	...	...	...	...	...	...
13	...	...	4,98,000	+47,000	1,14,000	...	...	1,14,000	—3,84,000
14	...	...	5,69,000	—64,000	2,16,000	...	...	2,16,000	—3,53,000
15	...	...	12,68,000	+30,000	12,87,000		...	12,87,000	+19,000
16	92,000	1,000	22,65,000	+13,15,000	6,56,000	78,000	...	7,34,000	—15,31,000
17	92,000	1,000	35,33,000	+13,45,000	19,43,000	78,000	...	20,21,000	—15,12,000
18	...	...	3,21,000	—62,000	1,89,000	...	...	1,89,000	—1,32,000
19	...	...	75,83,000	+3,54,000	86,98,000	...	...	86,98,000	+11,15,000
20	...	...	6,10,000	+24,000	...	...	...	...	—6,10,000
21	...	...	81,93,000	+3,78,000	86,98,000	...	...	86,98,000	+5,05,000
22	...	...	12,25,000	—2,65,000	10,50,000	...	...	10,50,000	—1,75,000
23	5,000	...	1,36,000	+1,68,000	—54,99,000	...	...	—54,99,000	—56,35,000
24	5,000	...	13,61,000	—97,000	—44,49,000	...	...	—44,49,000	—58,10,000
25	19,67,04,000	24,20,000	41,38,96,000	+63,67,000	22,35,49,000	21,13,99,000	...	43,49,48,000	+2,10,52,000
26	*10,99,24,000*	*13,52,000*	*31,38,45,000*	—1,34,39,000	*21,12,04,000*	*11,09,24,000*	...	*32,21,28,000*	—82,83,000
27	...	...	*12,68,000*	—30,000	*12,87,000*	...	...	*12,87,000*	—19,000
28	...	...	*83,73,000*	—3,79,000	88,77,000	....	...	88,77,000	—5,05,000
29	...	...	*21,81,000*	—1,01,000	*24,42,000*	...	...	*24,42,000*	—2,61,000
30	...	...	*6,51,00,000*	+1,29,000	6,95,00,000	...	...	6,95,00,000	—44,00,000
31	8,67,30,000	10,68,000	2,31,30,000	—74,53,000	—6,97,61,000	10,04,75,000	...	3,07,14,000	+75,84,000
32	9,13,000	11,000	8,76,40,000	+89,000	8,86,97,000	4,92,000	...	8,91,89,000	+15,49,000
33	...	...	6,14,56,000	+14,32,000	6,78,37,000	...	...	6,78,37,000	+63,81,000
34	8,76,93,000	10,79,000	17,22,26,000	—59,32,000	8,67,73,000	10,09,67,000	...	18,77,40,000	+1,55,14,000
35	8,85,58,000	10,89,000	23,02,17,000	—39,75,000	13,66,27,000	10,18,22,000	...	23,84,49,000	+82,32,000

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	ACCOUNTS, 1929-30. India.	* England.	Exchange.	TOTAL.	REVISED India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	13,45,53,241	8,33,38,336	6,04,537	21,84,96,114	14,05,70,000	
Civil Administration—						
22.—General Administration	1,43,28,012	75,87,032	64,258	2,24,79,302	1,55,22,000	1
23.—Audit	98,39,553	3,21,631	2,695	1,01,63,909	1,00,45,000	2
24.—Administration of Justice	14,18,164	1,07,329	892	15,26,391	14,54,000	3
25.—Jails and Convict Settlements	40,96,410	67,099	588	41,64,147	46,50,000	4
26.—Police	74,43,191	1,80,590	1,495	76,24,276	84,50,000	5
27.—Ports and Pilotage	22,47,588	2,87,665	2,286	25,37,539	23,01,000	
27 (1).—Lighthouses and Lightships	13,81,681	6,102	51	13,87,834	13,09,000	6
28.—Ecclesiastical	23,33,396	8,22,732	6,083	31,62,211	23,42,000	7
29.—Political	1,43,51,467	14,98,146	11,550	1,61,1,163	1,96,48,000	8
29-A.—Frontier Watch and Ward	2,68,39,121	94,207	801	2,69,34,129	2,76,75,000	9
30.—Scientific Departments	82,37,108	11,12,486	9,038	93,58,632	86,20,000	10
31.—Education	51,83,440	62,912	477	52,46,829	62,05,000	11
32.—Medical	30,36,538	1,94,554	1,426	32,32,518	30,93,000	12
33.—Public Health	19,56,341	1,43,221	1,189	21,00,751	18,74,000	13
34.—Agriculture	44,62,937	1,41,760	1,177	46,05,874	47,42,000	14
35.—Industries	2,37,036	44,399	337	2,81,772	2,39,000	15
36.—Aviation	17,63,593	2,26,240	1,879	19,91,712	18,71,000	16
37.—Miscellaneous Departments	14,49,401	94,832	805	15,45,038	28,43,000	17
37-A.—Indian Stores Department	19,89,647	66,497	567	20,56,711	8,84,000	18
TOTAL	11,34,23,704	1,30,59,434	1,08,200	12,65,91,338	12,37,66,000	19
Currency and Mint—						
38.—Currency	35,23,350	9,12,384	7,426	44,43,160	49,65,000	20
39.—Mint	28,68,533	1,17,812	989	29,77,334	48,37,000	21
TOTAL	63,51,883	10,30,196	8,415	74,20,494	98,02,000	22
Civil Works—						
41.—Civil Works	2,57,63,176	63,387	507	2,58,27,070	2,67,40,000	23
Miscellaneous—						
43.—Famine—						
A.—Famine Relief	525	358	2	885	25,000	24
44.—Territorial and Political Pensions	30,76,361	1,31,771	960	31,99,092	31,72,000	25
45.—Superannuation Allowances and Pensions	20,88,731	2,37,14,567	1,90,145	2,65,93,443	24,67,000	26
46.—Stationery and Printing	46,03,921	8,69,980	7,777	54,81,678	53,19,000	27
47.—Miscellaneous	69,67,270	18,88,957	14,014	88,70,241	58,84,000	28
TOTAL	1,73,36,808	2,65,95,633	2,12,598	4,41,45,339	1,68,67,000	29
Miscellaneous capital outlay charged to Revenue—						
45-A.—Commuted value of pensions financed from Ordinary Revenue	4,19,659	...	...	4,19,659	50,000	30
Military Services—						
48.—Army—						
Effective	35,88, 9,421	8,91,84,393	7,41,677	44,87,46,091	34,56,82,000	31
Non-effective	3,54,39,591	4,96,97,621	3,95,340	8,55,31,552	3,61,17,000	32
	39,42,58,012	13,88,82,614	11,37,017	53,42,77,643	38,17,99,000	33
49.—Marine	51,72,732	30,64,857	24,563	82,62,152	62,87,000	34
50.—Military Engineer Services	4,64,72,504	4,51,444	3,778	4,69,27,726	4,50,08,000	35
50-A.—Transfers to Military Reserve Fund	13,41,222	...	...	13,41,222	46,49,000	36
TOTAL	44,72,44,470	14,23,98,915	11,65,358	59,08,08,743	44,07,43,000	37
Contributions and miscellaneous adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous adjustments between the Central and Provincial Governments.	...	...	...	...	...	38
Extraordinary Items—						
52.—Extraordinary Payments	6,062	...	...	6,062	15,62,000	39
52-I.—Transfers to Revenue Reserve Fund	...	...	...	...	...	40
TOTAL	6,062	...	...	6,062	15,62,000	41
Railway Expenditure as per Railway Budget	18,80,06,810	12,15,37,947	9,11,928	31,04,56,685	20,79,14,000	42
TOTAL EXPENDITURE CHARGED TO REVENUE	93,31,35,813	38,80,23,848	30,11,843	1,32,41,71,504	96,80,14,000	43

* Sterling converted into Rupees at £1 = Rs. 13⅓.

of the Central Government, in India and in England—*contd.*

Item No.	Estimate, 1930-31. * England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Budget, 1930-31.	Budget Estimate, 1931-32. India.	* England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised, 1930-31.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	8,85,68,000	10,89,000	23,02,17,000	—39,75,000	13,66,27,000	10,18,22,000	...	23,84,49,000	+82,32,000
1	58,58,000	72,000	2,14,52,000	+4,97,000	1,54,56,000	55,33,000	...	2,09,89,000	—4,63,000
2	3,41,000	4,000	1,03,90,000	—1,55,000	1,03,46,000	3,68,000	...	1,07,14,000	+3,24,000
3	1,02,000	1,000	15,57,000	+8,000	14,64,000	1,22,000	...	15,86,000	+29,000
4	54,000	1,000	47,05,000	—1,32,000	42,24,000	54,000	...	42,78,000	—4,27,000
5	1,93,000	2,000	86,45,000	+5,62,000	82,78,000	1,91,000	...	84,69,000	—1,76,000
6	3,37,000	4,000	26,42,000	—1,58,000	26,14,000	3,65,000	...	29,79,000	+3,37,000
	...	...	13,09,000	+24,000	12,98,000	...	...	12,98,000	—11,000
7	8,70,000	11,000	32,23,000	—21,000	24,00,000	8,46,000	...	32,46,000	+23,000
8	11,73,000	15,000	2,08,36,000	+34,27,000	1,52,13,000	12,76,000	...	1,64,89,000	—43,47,000
9	79,000	1,000	2,77,55,000	—83,000	2,52,35,000	1,10,000	...	2,53,45,000	—24,10,000
10	11,14,000	14,000	97,48,000	—2,50,000	90,87,000	11,61,000	...	1,02,18,000	+4,70,000
11	92,000	1,000	62,98,000	—27,000	67,01,000	80,000	...	67,81,000	+4,83,000
12	2,06,000	3,000	33,02,000	—35,000	31,76,000	1,78,000	...	33,54,000	+52,000
13	1,21,000	1,000	19,96,000	—50,000	18,79,000	1,42,000	...	20,21,000	+25,000
14	1,17,000	1,000	48,60,000	—2,90,000	36,83,000	1,46,000	...	38,28,000	—10,32,000
15	54,000	1,000	2,94,000	—21,000	2,29,000	41,000	...	2,70,000	—24,000
16	5,42,000	7,000	24,20,000	—7,56,000	25,76,000	10,01,000	...	35,77,000	+11,57,000
17	1,71,000	2,000	30,15,000	+2,33,000	51,16,000	1,42,000	...	52,58,000	+22,43,000
18	1,03,000	1,000	9,85,000	+3,000	8,32,000	1,04,000	...	9,36,000	—52,000
19	1,15,27,000	1,42,000	13,54,35,000	+27,76,000	11,97,76,000	1,18,60,000	...	13,16,36,000	—37,99,000
20	59,000	1,000	50,25,000	—47,000	50,24,000	34,000	...	50,58,000	+33,000
21	1,10,000	1,000	49,43,000	+22,54,000	26,68,000	1,45,000	...	28,13,000	—21,35,000
22	1,69,000	2,000	99,73,000	+22,07,000	76,92,000	1,79,000	...	78,71,000	—21,02,000
23	78,000	1,000	2,68,19,000	—12,87,000	2,39,70,000	1,58,000	...	2,41,28,000	—26,91,000
24	...	...	25,000	+25,000	1,31,000	...	...	1,31,000	+1,06,000
25	1,23,000	1,000	32,96,000	+25,000	31,30,000	1,07,000	...	32,37,000	—59,000
26	2,31,72,000	2,85,000	2,50,24,000	+13,98,000	29,72,000	2,20,81,000	...	2,50,53,000	—8,71,000
27	6,13,000	8,000	59,40,000	+5,38,000	57,17,000	8,52,000	...	65,69,000	+6,29,000
28	23,00,000	28,000	82,18,000	+3,15,000	42,72,000	15,80,000	...	58,52,000	—23,66,000
29	2,62,14,000	3,22,000	4,34,03,000	+23,01,000	1,62,32,000	2,46,20,000	...	4,08,42,000	—25,61,000
30	...	...	50,000	—5,35,000	50,000	...	...	50,000	...
31	8,43,08,000	10,37,000	43,10,27,000	—57,37,000	35,11,01,000	7,99,17,000	...	43,10,18,000	—9,000
32	4,90,86,000	6,04,000	8,53,07,000	+3,93,000	3,57,28,000	4,89,35,000	...	8,46,63,000	—11,44,000
33	13,33,94,000	16,41,000	51,68,34,000	—53,44,000	38,68,29,000	12,88,52,000	...	51,56,81,000	—11,53,000
34	28,96,000	36,000	92,19,000	+1,87,000	54,74,000	29,48,000	...	84,22,000	—7,97,000
35	5,14,000	6,000	4,85,28,000	+30,000	4,61,85,000	4,69,000	...	4,66,54,000	—18,74,000
36	...	..	146,49,000	+46,49,000	...	...	...	...	—46,49,000
37	13,68,04,000	16,83,000	57,92,30,000	—4,78,000	43,34,58,000	13,22,69,000	...	57,07,57,000	—84,73,000
38	...	...	...	...	...	...	...	...	...
39	...	...	15,62,000	+15,12,000	25,000	...	...	25,000	—15,37,000
40	...	...	...	...	...	...	...	...	...
41	...	...	15,62,000	+15,12,000	25,000	...	...	25,000	—15,37,000
42	12,50,61,000	15,39,000	33,45,14,000	+1,08,71,000	21,63,18,000	13,55,82,000	...	34,19,00,000	+73,86,000
43	38,84,11,000	47,78,000	1,36,12,03,000	+1,33,92,000	95,91,68,000	39,64,90,000	...	1,35,56,58,000	—55,45,000

C.—Statement of Receipts and Disbursements of the

	Accounts, 1929-30.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,27,39,79,753	5,24,67,457	1,32,64,47,210
Exchange added to Revenue	4,07,892	...	4,07,892
Total	1,27,43,87,645	5,24,67,457	1,32,68,55,102
Railway Capital not charged to Revenue—			
As per Railway Budget	2,43,676	...	2,43,676
Public Debt Incurred—			
Permanent Debt—			
Sterling Debt—			
New Sterling Loan	...	...	
6 per cent. Bonds	...	7,92,00,000	
5½ per cent. Stock 1936-38	...	...	
Other 5½ per cent. Stock	...	17,89,981	
4½ per cent. Stock	...	16,20,846	
Rupee Debt—			
New Rupee Loan	...	...	
6 per cent. Bonds, 1933-36	...	...	
5 per cent. Bonds, 1935	8,10,49,100	...	
Do. Loan 1939-44	29,14,23,000	...	
3½ per cent. Loans	4,51,100	...	
Total	37,29,23,200	8,28,10,827	45,57,34,027
Floating Debt—			
Treasury Bills—			
Issued to Public	64,73,75,000	...	
Issued to Paper Currency Reserve	56,48,00,000	...	
India Bills	...	16,00,00,000	
Temporary Loans	12,00,00,000	...	
Total	1,33,21,75,000	16,00,00,000	1,49,21,75,000
Carried over	2,97,97,29,521	29,52,78,284	

* Sterling converted into Rupees at £1 = Rs. 13⅓.

Central Government, in India and in England—*contd.*

Revised Estimate, 1930-31.			Budget Estimate, 1931-32.		
India.	England.	Total.	India.	England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,19,70,06,000	3,69,01,000	1,23,39,07,000	1,32,92,32,000	2,95,32,000	1,35,87,64,000
4,54,000	...	4,54,000	...	...	...
1,19,74,60,000	3,69,01,000	1,23,43,61,000	1,32,92,32,000	2,95,32,000	1,35,87,64,000
...	...	...	...	...	...
...	...		...	19,64,10,000	
...	25,27,83,000		...	6,64,000	
...	10,40,00,000		...	5,17,74,000	
...	19,04,000		...	20,24,000	
...	19,21,000		...	20,24,000	
...	...		15,00,00,000	...	
29,70,81,000	...		...	...	
...	...		...	...	
...	...		...	...	
8,57,000	...		6,00,000	...	
29,79,38,000	36,06,08,000	65,85,46,000	15,06,00,000	25,28,96,000	40,34,96,000
1,48,67,50,000	...		1,08,50,00,000	...	
19,06,88,000	...		5,65,15,000	...	
...	...		...	...	
8,00,00,000	8,06,26,000		...	...	
1,75,74,38,000	8,06,26,000	1,83,80,64,000	1,14,15,15,000	...	1,14,15,15,000
3,25,28,36,000	47,81,35,000		2,62,13,47,000	28,24,28,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1929-30.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Brought forward .	2,97,97,29,521	29,52,78,284	
Unfunded Debt—			
Deposits of Service Funds . . .	9,51,631	20,06,598	
Post Office Cash Certificates . . .	7,16,00,711	...	
Savings Bank Deposits	37,42,94,272	5,67,55,085	
Total .	44,68,46,614	5,87,61,683	50,56,08,297
Deposits and Advances—			
Provincial Loans Fund	31,02,91,655	...	
Posts and Telegraphs Depreciation Fund .	42,45,496	...	
Deposits of Local Funds—			
District Funds	17,10,33,727	...	
Other Funds	10,44,79,090	...	
Sinking Funds for Central Loans . .	1,60,15,029	...	
Other appropriations for Reduction or Avoidance of Debt	4,37,69,000	...	
Sinking Fund Investment Account . .	16,16,829	...	
Sinking Funds for loans granted to local bodies	4,11,516	...	
Gold Standard Reserve	...	90,58,22,524	
Gold Standard Reserve Revenue Equalisation Fund	...	59,02,788	
Paper Currency Reserve	...	40,89,64,918	
Deposits of Branch Line Companies . .	3,73,725	...	
Road Development Fund	1,07,26,759	...	
Post Office Cash Certificate Bonus Fund .	...	...	
Departmental and Judicial Deposits .	87,28,30,303	...	
Advances	30,04,37,304	1,74,526	
Discount Sinking Fund	29,27,000	...	
Suspense	2,38,56,749	14,91,845	
Exchange on Remittance Accounts . .	31,06,375	...	
Miscellaneous	32,66,826	1,51,20,138	
Military Reserve Fund	13,41,222	...	
Total .	1,87,07,28,605	1,33,44,93,049	3,20,52,21,654
Railway Depreciation and Reserve Funds as per Railway Budget . . .	12,59,42,103	...	12,59,42,103
Carried over .	5,42,32,46,843	1,68,85,33,016	

* Sterling converted into Rupees at £1 = Rs. 13⅓.

Central Government, in India and in England—*contd.*

Revised Estimate, 1930-31.			Budget Estimate, 1931-32.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,25,28,36,000	47,81,35,000		2,62,13,47,000	28,24,28,000	
9,31,000	16,12,000		9,31,000	15,12,000	
11,76,00,000	...		11,50,00,000	...	
36,38,31,000	...		37,47,54,000	...	
48,23,62,000	16,12,000	48,39,74,000	49,06,85,000	15,12,000	49,21,97,000
18,11,00,000	...		16,17,00,000	...	
43,66,000	...		24,87,000	...	
17,34,80,000	...		17,57,26,000	...	
10,64,83,000	...		10,31,58,000	...	
2,00,90,000	...		1,96,34,000	...	
4,34,81,000	...		4,99,30,000	...	
97,90,000	...		1,00,00,000	...	
4,28,000	...		4,45,000	...	
...	96,54,00,000		...	81,36,00,000	
...	2,94,68,000		...	3,44,68,000	
...	6,66,16,000		...	...	
3,50,000	...		4,75,000	...	
98,00,000	...		1,01,00,000	...	
44,20,000	...		10,00,000	...	
84,09,80,000	...		84,54,16,000	...	
39,52,19,000	6,38,000		28,01,25,000	1,19,000	
46,06,000	...		48,41,000	...	
3,37,65,000	14,74,000		1,69,09,000	7,51,000	
57,48,000	...		...	...	
1,39,03,000	1,77,88,000		77,80,000	1,58,88,000	
46,49,000	...		...	...	
1,85,26,58,000	1,08,13,84,000	2,93,40,42,000	1,68,97,26,000	86,48,26,000	2,55,45,52,000
13,05,00,000	...	13,05,00,000	13,43,00,000	...	13,43,00,000
5,71,83,56,000	1,56,11,31,000		4,93,60,58,000	1,14,87,66,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1929-30.		
	India.	England.*	Total.
	Rs.	Rs.	Rs.
Brought forward	5,42,32,46,843	1,68,85,33,016	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	7,00,98,071	...	
Other Loans and Advances	80,27,526	...	
Total	7,81,25,597	...	7,81,25,597
Remittances—			
Remittances within India—			
Inland Money Orders	98,70,69,750	...	
Other Local Remittances	...	...	
Other Departmental Accounts	...	...	
Net Receipts by Civil Treasuries from—			
Railways	2,25,26,280	...	
Posts and Telegraphs	55,08,474	...	
Net Receipts from Civil Treasuries by—			
Posts and Telegraphs	...	...	
Army, Marine and Military Engineer Services	38,02,34,050	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	79,50,000	
Sale of Sterling	...	...	
Sale of Silver	...	5,20,76,781	
Other transactions	2,25,13,497	3,99,96,828	
Remittances from India for financing Home Treasury	...	20,28,66,667	
Transfers through the Gold Standard Reserve		...	
Transfers through the Paper Currency Reserve	... 5,22,70,003	15,76,62,266	
Total	1,47,01,22,054	46,05,52,542	1,93,06,74,596
Balances of Provincial Governments	...	...	...
Total Receipts	6,97,14,94,494	2,14,90,85,558 (a)	
Opening Balance	9,20,46,097	6,99,36,668	
GRAND TOTAL	7,06,35,40,591	2,21,90,22,226	

* Sterling converted into Rupees at £1 = Rs. 13⅓.

(a) Of this amount, £ 3,042 represents the funds of the Gold Standard Reserve.

Central Government, in India and in England—*contd.*

Revised Estimate, 1930-31.			Budget Estimate, 1931-32.		
India.	*England.	Total.	India.	*England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
5,71,83,56,000	1,56,11,31,000		4,93,60,58,000	1,14,87,66,000	
...	...		...	...	
90,56,000	...		86,70,000	...	
90,56,000	...	97,56,000	86,70,000	...	86,70,000
94,78,00,000	...		98,75,00,000	...	
22,93,000	...		23,02,000	...	
3,16,76,000	...		3,17,33,000	...	
1,09,66,000	...		9,31,32,000	...	
...	...		...	...	
...	...		...	...	
3,71,12,000	...		1,59,80,000	...	
37,60,82,000	...		37,25,72,000	...	
...	79,00,000		...	75,00,000	
8,00,00,000	..		...	...	
...	3,31,04,000		...	...	
1,80,25,000	2,85,16,000		1,57,67,000	2,59,87,000	
...	7,19,33,000		...	44,40,00,000	
1,14,00,000	10,17,80,000		...	...	
2,18,96,000	2,34,20,000		...	...	
1,53,72,50,000	26,66,53,000	1,80,39,03,000	1,51,89,86,000	47,74,87,000	1,99,64,73,000
...	...	...	1,39,30,000	...	1,39,30,000
7,26,46,62,000	1,82,77,84,000 (b)		6,47,76,44,000	1,62,62,53,000 (b)	
25,76,33,677	8,51,57,683		12,74,69,677	6,46,96,683	
7,52,22,95,677	1,91,29,41,683		6,60,51,13,677	1,69,09,49,683	

*Sterling convered in Rupees at £1=Rs. 13⅓.

(b) Of this amount, £3,743 represents the funds of the Gold Standard Reserve.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1929-30.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	93,31,35,813	38,80,23,848	1,32,11,59,661
change charged as Expenditure	30,11,843	...	30,11,843
Total	93,61,47,656	38,80,23,848	1,32,41,71,504
Irrigation, Posts and Telegraphs and other Capital Outlay not charged to Revenue—			
Security Printing Press	22,754	...	22,754
Irrigation, etc., Works	2,99,477	...	2,99,477
Posts and Telegraphs	26,15,974	6,91,365	33,07,339
Vizagapatam Port	31,17,839	4,57,179	35,75,018
Light-houses and Lightships	—3,20,563	3,33,384	12,821
Currency	29,992	38,640	68,632
Initial Expenditure on New Capital at Delhi	67,68,042	5,04,197	72,72,239
Payments of Commuted value of Pensions	38,08,683	...	38,08,683
Bombay Land Scheme	...	...	...
Total	1,63,42,198	20,24,765	1,83,66,963
Railway Capital not charged to Revenue—			
As per Railway Budget	13,23,30,470	16,95,03,205	30,18,33,675
Public Debt Discharged—			
Permanent Debt—			
Sterling Debt—			
7 p. c. Stock	...	4,080	
5½ p. c. Stock	...	...	
State Railway annuities	...	1,98,94,808	
Do. Do. Sinking Funds	...	26,66,667	
Rupee Debt—			
6 p. c. Bonds, 1930	13,51,06,200	...	
Do. Do. 1931	3,94,62,000	...	
Do. Do. 1932	4,85,60,200	...	
Other 6 p. c. Bonds	4,78,500	...	
5½ p. c. War Bonds, 1928	15,49,725	...	
Other 5½ p. c. War Bonds	1,81,825	..	
5 p. c. Loan, 1945-55	28,00,000	...	
5 p. c. Loan, 1929—47	5,37,000	...	
5 p. c. Loan, 1939-44	...	...	
4 p. c. Terminable Loan	8,600	...	
Other Loans	5,27,138	...	
Total	22,92,11,188	2,25,65,555	25,17,76,743
Carried over	1,31,40,31,512	58,21,17,373	

*Sterling converted into Rupees at £1 = Rs. 13½.

Central Government, in India and in England—*contd.*

Revised Estimate, 1930-31.			Budget Estimate, 1931-32.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
96,80,14,000	38,84,11,000	1,35,64,25,000	95,91,68,000	39,64,90,000	1,35,56,58,000
47,78,000	...	47,78,000	...	...	...
97,27,92,000	38,84,11,000	1,36,12,03,000	95,91,68,000	39,64,90,000	1,35,56,58,000
4,43,000	...	4,43,000	—3,94,000	...	—3,94,000
46,000	...	46,000	67,000	...	67,000
59,10,000	—55,74,000	3,36,000	83,46,000	7,84,000	91,30,000
36,92,000	1,83,000	38,75,000	42,03,000	1,15,000	43,18,000
—1,08,000	1,08,000	...	—3,000	3,000	...
1,58,000	...	1,58,000	5,000	...	5,000
49,41,000	3,49,000	52,90,000	23,50,000	1,22,000	24,72,000
39,51,000	...	39,51,000	37,38,000	...	37,38,000
2,12,29,000	...	2,12,29,000	...	...	...
4,02,62,000	—49,34,000	3,53,28,000	1,83,12,000	10,24,000	1,93,36,000
8,78,00,000	5,72,00,000	14,50,00,000	8,20,00,000	3,25,00,000	11,45,00,000
...	2,000		...	...	
...	...		...	19,64,10,000	
...	2,05,85,000		...	2,13,00,000	
...	26,67,000		...	26,67,000	
15,50,00,000	...		20,00,000	...	
...	...		7,00,00,000	...	
...	...		...	...	
2,70,000	...		1,50,000	...	
3,50,000	...		3,00,000	...	
1,45,000	...		1,25,000	...	
8,94,000	...		...	...	
83,20,000	...		31,80,000	...	
45,46,000	...		45,00,000	...	
2,000	...		2,000	...	
10,00,000	...		7,00,000	...	
17,05,21,000	2,32,54,000	19,37,81,000	8,09,57,000	22,03,77,000	30,13,34,000
1,27,13,87,000	46,39,31,000		1,14,04,37,000	65,03,91,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1929-30.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Brought forward	1,31,40,31,512	58,21,17,373	
Floating Debt—			
Treasury Bills—			
Issued to Public	32,69,50,000	...	
Do. Paper Currency Reserve	66,41,60,000	...	
India Bills	...	8,00,00,000	
Temporary Loans	12,00,00,000	...	
Total	1,11,11,10,000	8,00,00,000	1,19,11,10,000
Unfunded Debt—			
Special Loans	39,600	...	
Deposits of Service Funds	14,19,212	56,539	
Post Office Cash Certificates	4,45,76,963	...	
Savings Bank Deposits	29,84,26,845	3,06,66,667	
Total	34,44,62,620	3,07,23,206	37,51,85,826
Deposits and Advances—			
Provincial Loans Fund	31,01,34,319	...	
Posts and Telegraphs Depreciation Fund	2,66,914	...	
Deposits of Local Funds—			
District Funds	17,13,01,644	...	
Other Funds	10,45,12,476	...	
Sinking Funds for Central Loans	33,34,849	...	
Sinking Fund Investment Account	42,819	...	
Gold Standard Reserve	...	90,58,13,106	
Gold Standard Reserve Revenue Equalisation Fund	...	58,47,263	
Paper Currency Reserve	...	40,89,64,918	
Deposits of Branch Line Companies	2,36,691	...	
Road Development Fund	...	...	
Departmental and Judicial Deposits	89,29,11,473	...	
Advances	31,16,09,941	1,44,072	
Discount Sinking Fund	1,77,59,207	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve	6,18,79,286	...	
Suspense	51,46,033	7,46,127	
Miscellaneous	31,565	1,52,04,306	
Military Reserve Fund	...	...	
Total	1,87,91,67,217	1,33,67,19,792	3,21,58,87,009
Railway Depreciation and Reserve Funds as per Railway Budget	13,84,40,020	...	13,84,40,020
Carried over	4,78,72,11,369	2,02,95,60,371	

* Sterling converted into Rupees at £1=Rs. 13⅓.

Central Government, in India and in England—*contd.*

Revised Estimate, 1930-31.			Budget Estimate, 1931-32.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,27,13,81,000	46,39,31,000		1,14,04,37,000	65,03,91,000	
1,39,71,25,000	...		1,08,50,00,000	...	
42,63,43,000	...		5,65,15,000	...	
...	8,00,00,000		...	...	
8,00,00,000	2,66,66,000		...	5,39,60,000	
1,90,34,68,000	10,66,66,000	2,01,01,34,000	1,14,15,15,000	5,39,60,000	1,19,54,75,000
44,000	...		44,000	...	
14,26,000	63,000		14,27,000	78,000	
8,56,00,000	...		7,50,00,000	...	
32,14,85,000	2,60,89,000		31,86,76,000	...	
40,85,55,000	2,61,52,000	43,47,07,000	39,51,47,000	78,000	39,52,25,000
18,11,00,000	...		16,16,00,000	...	
1,51,000	...		1,14,000	...	
17,71,46,000	...		17,89,93,000	...	
10,46,83,000	...		10,73,73,000	...	
1,35,67,000	...		79,03,000	...	
...	...		...	...	
...	96,54,00,000		...	81,36,00,000	
...	2,94,68,000		...	3,44,68,000	
...	6,66,16,000		...	...	
2,25,000	...		4,25,000	...	
1,82,00,000	...		1,08,00,000	...	
85,43,84,000	...		84,46,08,000	...	
39,40,07,000	6,38,000		28,19,38,000	1,19,000	
...	...		...	...	
5,24,33,000	...		...	...	
4,69,96,000	15,33,000		1,71,14,000	7,30,000	
...	1,62,28,000			1,74,48,000	
...	...		128,76,000	...	
1,83,78,92,000	1,07,98,83,000	2,91,77,75,000	1,61,37,44,000	86,63,65,000	2,48,01,09,000
19,85,99,000	..	19,85,99,000	12,39,67,000	...	12,39,07,006
5,61,98,95,000	1,67,66,32,000		44,48,16,000	1,57,07,94,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1929-30.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Brought forward	4,78,72,11,369	2,02,95,60,371	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund	12,05,25,000	...	
Other Loans and Advances	2,96,12,013	...	
Total	15,01,37,013	...	15,01,37,013
Remittances—			
Remittances within India—			
Inland Money Orders	98,80,88,406	...	
Other Local Remittances	9,50,043	...	
Other Departmental Accounts	5,46,247	...	
Net Payments into Civil Treasuries by—			
Railways	2,27,09,489	...	
Posts and Telegraphs	55,40,145	...	
Net Issues from Civil Treasuries to—			
Posts and Telegraphs	...	...	
Army, Marine and Military Engineer Services	38,25,14,100	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	78,50,000	...	
Sale of Sterling	...	...	
Sale of Silver	5,20,76,781	...	
Other transactions	4,60,54,052	1,66,58,809	
Remittances from India for financing Home Treasury	20,28,66,667	...	
Transfer through the Gold Standard Reserve	..	...	
Transfers through the Paper Currency Reserve	15,76,62,266	5,22,70,003	
Total	1,86,68,58,196	6,89,28,812	1,93,57,87,008
Balances of Provincial Governments	17,00,336	3,53,75,360	3,70,75,696
Total Disbursements	6,80,59,06,914	2,13,38,64,543 (b)	
Closing Balance	25,76,33,677	8,51,57,683	
GRAND TOTAL	7,06,35,40,591	2,21,90,22,226	

*Sterling converted into Rupees at £1 = Rs. 13⅓.

(b) Of this amount, £3,748 represents the

Central Government, in India and in England—*concld.*

Revised Estimate, 1930-31.			Budget Estimate, 1931-32.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
5,61,98,95,000	1,67,66,32,000		4,41,48,10,000	1,57,07,94,000	
6,49,00,000	...		6,29,00,000	...	
2,85,51,000	...		2,07,41,000	...	
9,34,51,000	...	9,34,51,000	8,36,41,000	...	8,36,41,000
94,70,00,000	...		98,70,00,000	...	
1,17,41,000	...		1,17,86,000	...	
2,21,18,000	...		2,21,02,000	...	
1,09,66,000	...		9,31,32,000	...	
...	...		...	...	
3,71,12,000	...		1,59,80,000	...	
37,60,82,000	...		37,25,72,000	...	
79,00,000	...		75,00,000	...	
...	8,00,00,000		...	...	
3,31,04,000	...		...	...	
2,85,16,000	1,80,25,000		2,59,87,000	1,57,67,000	
7,19,33,000	...		44,40,00,000	...	
10,17,80,000	1,14,00,000		...	...	
2,34,20,000	2,18,96,000		...	...	
1,67,16,72,000	13,13,21,000	1,80,29,93,000	1,98,00,59,000	1,57,67,000	1,99,58,26,000
98,08,000	4,02,92,000	5,01,00,000	...	4,60,30,000	4,60,30,000
7,39,48,26,000	1,84,82,45,000		6,47,85,10,000	1,63,25,91,000	
12,74,69,677	(b) 6,46,96,683		12,66,03,677	(b) 5,83,58,683	
7,52,22,95,677	1,91,29,41,683		6,60,51,13,677	1,69,09,49,683	

funds of the Gold Standard Reserve.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	Accounts, 1929-30.		Revised Estimate, 1930-31.		Budget Estimate, 1931-32.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	50,30,14,911	...	45,05,62,000	...	55,47,91,000	...
Taxes on Income	15,98,75,889	...	15,04,32,000	...	17,72,28,000	...
Salt	5,49,50,028	...	5,56,81,000	...	5,80,87,000	...
Opium	2,55,22,515	...	1,87,36,000	...	1,41,95,000	...
Other Heads	1,62,24,794	...	1,55,74,000	...	1,54,20,000	...
TOTAL	75,95,94,137	...	69,09,85,000	...	81,97,21,000	...
Forest and other Capital Outlay charged to Revenue	...	5,13,198	...	5,69,000	...	2,16,000
Irrigation	...	20,01,734	...	29,59,000	...	8,35,000
Railways	6,11,85,963	...	5,73,57,000	...	5,36,02,000	...
Posts and Telegraphs	...	81,18,421	...	1,59,39,000	...	96,70,000
Debt Services	...	12,18,06,838	...	13,90,19,000	...	15,85,41,000
Civil Administration	...	11,49,31,813	...	12,57,36,000	...	12,12,91,000
Currency and Mint	1,99,48,311	...	26,25,000	...	...	15,37,000
Civil Works	...	2,35,61,614	...	2,40,19,000	...	2,16,43,000
Miscellaneous	...	3,50,02,585	...	3,48,90,000	...	3,35,03,000
Military Services	...	55,10,00,000	...	54,30,00,000	...	52,60,00,000
Provincial Contributions and Miscellaneous adjustments between Central and Provincial Governments.	3,011	...	...	...	...	...
Extraordinary Items	1,88,88,378	...	83,22,000	...	30,19,000	...
TOTAL	85,96,19,800	85,69,36,202	75,92,69,000	88,61,31,000	87,63,43,000	87,32,36,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*concld.*

Revenue and Expenditure.	Accounts, 1929-30.		Revised Estimate, 1930-31.		Budget Estimate, 1931-32.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus or deficit	26,83,598	...	...	12,68,42,000	31,06,000	...
Capital Account—						
Capital outlay on Security Printing Press	...	22,754	...	4,43,000	...	—3,94,000
Railway Capital not charged to Revenue	2,43,676	30,18,33,675	...	14,50,00,000	...	11,45,00,000
Construction of Irrigation Works	...	2,99,477	...	46,000	...	67,000
Capital outlay on Posts and Telegraphs	...	33,07,339	...	3,36,000	...	91,30,000
Capital outlay on Vizagapatam Port	...	35,75,018	...	38,75,000	...	43,18,000
Capital outlay on Light-houses and Light-ships	...	12,821	...	...	...	...
Currency Capital outlay	...	66,633	...	1,56,000	...	5,000
Initial expenditure on New Capital at Delhi	...	72,72,239	...	52,90,000	...	24,72,000
Payment of commuted value of pensions	...	38,08,683	...	39,51,000	...	37,38,000
Capital outlay on Bombay Land Scheme	...	...	...	2,12,29,000	...	...
Debt, Deposits, Advances and Remittances—						
Permanent Debt	20,39,57,284	...	46,47,65,000	...	10,21,62,000	...
Floating Debt	30,10,65,000	...	...	17,20,70,000	...	5,39,60,000
Unfunded Debt	13,04,22,471	...	4,92,67,000	...	9,69,72,000	...
Deposits and Advances	...	2,31,63,272	...	5,16,32,000	8,47,76,000	...
Loans and Advances by Central Government	...	7,20,11,416	...	8,43,95,000	...	7,49,71,000
Remittances	...	51,12,412	9,10,000	...	6,47,000	...
Balances of Provincial Governments	...	3,70,75,696	...	5,01,00,000	...	3,21,00,000
Opening Balance	16,19,82,765	...	34,27,91,360	...	19,21,66,360	...
Closing Balance	...	34,27,91,360	...	19,21,66,360	...	18,49,62,360
Total	80,03,54,794	80,03,54,794	85,77,33,360	85,77,33,360	47,98,29,360	47,98,29,360

THE INDIAN FINANCE BILL.

INTRODUCED IN THE LEGISLATIVE ASSEMBLY ON THE 28TH FEBRUARY 1931.

A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to vary the excise duty on motor spiri leviable under the Motor Spirit (Duties) Act, 1917, to fix rates of income tax and super-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to vary the excise duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, to fix rates of income-tax and super-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930; It is hereby enacted as follows:—

VIII of 1894. VI of 1898. II of 1917. XII of 1922. X of 1923. XVIII of 1930.

Short title, and extent.

1. (*1*) This Act may be called the Indian Finance Act, 1931.

(*2*) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

XII of 1882.

Fixation of salt duty.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, for the year beginning on the 1st day of April, 1931, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

VIII of 1894.

Amendment of Schedule II to Act VIII of 1894.

3. The amendments specified in the First Schedule to this Act shall be made in Schedule II to the Indian Tariff Act, 1894.

VIII of 1894.

Additional customs duties.

4. In addition to the duties payable under the Indian Tariff Act, 1894, and any other Act for the time being in force, there shall be levied and collected in every port to which that Act applies additional duties on the importation of articles specified in the first and second columns of the Second Schedule at the rates or obtained by the method shown against them in the third column thereof.

Inland postage rates.

5. For the year beginning on the 1st day of April, 1931, the schedule contained in the Third Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act. VI of 1898

Excise duty on Motor Spirit.

6. In sub-section (1) of section 3 of the Motor Spirit (Duties) Act, 1917, for the words "six annas" the words "eight annas" shall be substituted. II of 1917.

Income-tax and super-tax.

7. (*1*) Income-tax for the year beginning on the 1st day of April, 1931, shall be charged at the rates specified in Part I of the Fourth Schedule.

(*2*) The rates of super-tax for the year beginning on the 1st day of April, 1931, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Fourth Schedule. XI of 1922.

(*3*) For the purposes of the Fourth Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922. XI of 1922.

Excise duty on kerosene.

8. In the proviso to section 5 of the Indian Finance Act, 1922, for the words "one anna and six pies" the words "two annas and three pies" shall be substituted. XII of 1922.

Amendment of section 19, Act X of 1923.

9. In sub-section (7) of section 19 of the Indian Paper Currency Act, 1923, for the figures "1931" the figures "1932" shall be substituted. X of 1923.

Excise duty on silver.

10. In sub-section (1) of section 3 of the Silver (Excise Duty) Act, 1930, for the words "four annas" the words "six annas" shall be substituted. XVIII of 1930.

It is hereby declared that it is expedient in the public interest that the provisions of clauses 3, 4, 6, 8 and 10 of this Bill should have temporary effect under the provisions of the Provisional Collection of Taxes Act, 1918. XVI of 1918

SCHEDULE I.

Amendments to be made in Schedule II to the Indian Tariff Act, 1894.

[*See section 3.*]

1. For Items Nos. 28 to 33 inclusive the following Items shall be substituted, namely :—

			Rs. a.
"28	ALE, beer, porter, cider and other fermented liquors.	In barrels or other containers containing 27 oz. or more, per imperial gallon.	0 12
		In bottles containing less than 27 oz. but not less than 20 oz., per bottle.	0 2
		In bottles containing less than 13½ oz. but not less than 10 oz., per bottle.	0 1
		In bottles containing less than 6¾ oz. but not less than 5 oz., per bottle.	0 ½
		In other containers, per imperial gallon.	1 0
29	DENATURED SPIRIT . . .	*Ad valorem*	7½ per cent.
30	SPIRITS (other than denatured spirit)—		
	(1) Brandy, gin, rum, whisky, and other sorts of spirits not otherwise specified, including wines containing more than 42° per cent. of proof spirit.	Imperial gallon of the strength of London proof.	30 0
	(2) Liqueurs, cordials, mixtures and other preparations containing spirit (other than drugs and medicines)—		
	(i) entered in such a manner as to indicate that the strength is not to be tested :	Imperial gallon . . .	40 0
	(ii) not so entered . .	Imperial gallon of the strength of London proof.	30 0
	(3) Drugs and medicines containing spirit—		
	(i) entered in such a manner as to indicate that the strength is not to be tested :	Imperial gallon . . .	30 0
	(ii) not so entered . .	Imperial gallon of the strength of London proof.	21 14
	(4) Perfumed spirits . .	Imperial gallon . . .	48 0

	Provided that— (a) the duty on any article included in this Item shall in no case be less than the duty which would be charged if the article were included in Part V of this Schedule: (b) where the unit of assessment is the imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof.		
31	WINES, not containing more than 42 per cent. of proof spirit—		
	(1) champagne and other sparkling wines.	Imperial gallon . . .	10
	(2) other sorts . . .	Imperial gallon . . .	6 0"

2. For Item No. 34 the following shall be substituted, namely :—

			Rs. a.
"34	SUGAR, excluding confectionery (see No. 124)—		
	(1) Sugar, crystallised or soft 23 Dutch Standard and above.	Cwt.	7 4
	(2) Sugar, crystallised or soft inferior to 23 Dutch Standard but not inferior to 8 Dutch Standard.	Cwt.	6 12
	(3) Sugar, below 8 Dutch Standard and sugar candy.	*Ad valorem*	25 per cent. *plus* two rupees and twelve annas per cwt.
	(4) Molasses	*Ad valorem*	25 per cent. "

3. In Item No. 37A, in the Note thereto, for the words "amount to be deducted on account of duties payable on importation to determine the real value in accordance with the provisions of clause (a) of the said section shall be Rs. 7 per thousand" the words "deduction allowed under clause (a) of that section shall be calculated in all cases as if the cigarettes were classified under sub-item (a)" shall be substituted.

4. In item No. 43BB, relating to silver bullion and coin, for the words "Four annas" in the fourth column, the words "Six annas" shall be substituted.

5. In Part V, the heading "SPICES" and Item No. 70 shall be omitted.

6. In Item No. 105, after the words "FILMS", the words ", not exposed" shall be added.

7. After Item No. 124 and under the head "*I.—Food, Drink and Tobacco*," the following item shall be inserted, namely:—

"124A | The following SPICES, namely:—
Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper."

8. After Item No. 134, the following item shall be inserted, namely:—

"134A | CINEMATOGRAPH FILMS, exposed."

9. In Part VI, after Item No. 141, the following heading and item shall be inserted, namely:—

"*III.—Miscellaneous and unclassified.*

141A | BETELNUTS."

SCHEDULE II.

Articles liable to an additional duty of customs, and additional duties leviable thereon.

[See section 4.]

References to Part and No. of Item in Schedule II to the Indian Tariff Act, 1894.	Description of articles liable to additional duty.	Rate of additional duty or method of obtaining it.
PART II.		
27 . .	FISH, SALTED, wet or dry . . .	5 per cent. *ad valorem*.
37 . .	CIGARS	15 per cent. *ad valorem*.
37A . .	CIGARETTES	Re. 1 annas 8 per thousand.
38 . .	All other sorts of TOBACCO manufactured	Twelve annas per pound.
40 . .	KEROSENE; also any other mineral oil included in Item No. 40.	9 pies per imperial gallon.
40A . .	MOTOR SPIRIT	2 annas per imperial gallon.
41 . .	MINERAL OIL—	
	(1) ordinarily used for the batching of jute or other fibre, as specified in sub-item (1) of Item No. 41;	Rs. 2 annas 8 per ton.
	(2) not ordinarily used for any other purpose than for lubrication as specified in sub-item (2) of Item No. 41;	4 pies per gallon.
	(3) not ordinarily used except as fuel or for some sanitary or hygienic purposes, as specified in sub-item (3) of Item No. 41;	2½ per cent. *ad valorem*.

References to Part and No. of Item in Schedule II to the Indian Tariff Act, 1894.	Description of articles liable to additional duty.	Rate of additional duty or method of obtaining it.
42	All ARMS, and other articles included in Item No. 42.	10 per cent. *ad valorem*.
42A	MOTOR CARS, motor cycles and other articles included in Item No. 42A.	10 per cent. *ad valorem*.
43C	ARTIFICIAL SILK YARN and THREAD	2½ per cent. *ad valorem*.
45A	SILK MIXTURES, all sorts included in Item No. 45A.	7½ per cent. *ad valorem*.
46C	PORTLAND CEMENT (excluding white portland cement).	Rs. 2 per ton.
PART IV.		
Nos. 58 to 64 inclusive.	All articles for the time being included in Part IV of the Second Schedule.	2½ per cent. *ad valorem*.
PART V.		
Nos. 65 to 123 inclusive.	All articles for the time being included in Part V of the Second Schedule, excluding "raw hemp" comprised in Item No. 78.	5 per cent. *ad valorem*.
PART VI.		
Nos. 124 to 141, inclusive, except Nos. 124A and 134A.	All articles for the time being included in Part VI of the Second Schedule, except— (1) the following SPICES, namely— Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper (*see* No. 124A); (2) CINEMATOGRAPH FILMS, exposed (*see* No. 134A); and (3) BETELNUTS (*see* No. 141A).	10 per cent. *ad valorem*.
PART VII.		
156A	COTTON PIECE-GOODS—all sorts included in Item No. 156A.	The figures for the rates of the *ad valorem* duties shall be deemed to be increased by 5 in each case.

SCHEDULE III.

Schedule to be inserted in the Indian Post Office Act, 1898.

[*See section 5.*]

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[*See section 7.*]

Letters.

For a weight not exceeding two and a half tolas	One anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas	One anna.

Postcards.

Single	Half an anna.
Reply	One anna.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof	Half an anna.

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."

SCHEDULE IV.

[*See section 7.*]

PART I.

Rates of Income-tax.

	Rate.
A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(1) When the total income is less than Rs. 2,000	*Nil.*
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Nine pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Eleven pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	One anna and two pies in the rupee.
(5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	One anna and four pies in the rupee.
(6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and seven pies in the rupee.
(7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and eleven pies in the rupee.
(8) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000.	Two annas and one pie in the rupee.
(9) When the total income is Rs. 1,00,000 or upwards	Two annas and two pies in the rupee.
B. In the case of every company and registered firm, whatever its total income.	Two annas and two pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over thirty thousand rupees of total income—

	Rate.
(1) in the case of every company—	
(a) in respect of the first twenty thousand rupees of such excess ..	Nil.
(b) for every rupee of the remainder of such excess . . .	One anna in the rupee.
(2) (a) in the case of every Hindu undivided family—	
(i) in respect of the first forty-five thousand rupees of such excess .	*Nil.*
(ii) for every rupee of the next twenty-five thousand rupees of such excess.	One anna and three pies in the rupee.
(b) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the first twenty thousand rupees of such excess	Nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess	One anna and three pies in the rupee.
(c) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(i) for every rupee of the next fifty thousand rupees of such excess.	One anna and nine pies in the rupee.
(ii) for every rupee of the next fifty thousand rupees of such excess	Two annas and three pies in the rupee.
(iii) for every rupee of the next fifty thousand rupees of such excess	Two annas and nine pies in the rupee.
(iv) for every rupee of the next fifty thousand rupees of such excess	Three annas and three pies in the rupee.
(v) for every rupee of the next fifty thousand rupees of such excess	Three annas and nine pies in the rupee.
(vi) for every rupee of the next fifty thousand rupees of such excess	Four annas and three pies in the rupee.
(vii) for every rupee of the next fifty thousand rupees of such excess	Four annas and nine pies in the rupee.
(viii) for every rupee of the next fifty thousand rupees of such excess	Five annas and three pies in the rupee.
(ix) for every rupee of the next fifty thousand rupees of such excess	Five annas and nine pies in the rupee.
(x) for every rupee of the remainder of such excess . . .	Six annas and three pies in the rupee.

L. GRAHAM,
Secy. to the Govt. of India.

BUDGET FOR 1931-32.

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to continue certain provisions of the Indian Finance Act, 1930, which would otherwise cease to have effect from the 1st April, 1930, and to provide the additional resources referred to in my speech introducing the budget for 1931-32 by varying the existing scale of customs duties, excise duties, income-tax and super-tax.

2. Clauses 2, 5 and 9 provide for the continuance, for a further period of one year, of the existing provisions regarding salt duty, Inland postage rates and the credit to revenue of interest on securities forming part of the Paper Currency Reserve.

3. Clauses 3 and 4 seek to vary the customs duties on the lines indicated in paragraphs 61 to 67 of my budget speech. The exact variations in the tariff have been detailed in Schedules I and II.

4. Clauses 6, 8 and 10 respectively provide for increases in the excise duties on motor spirit, kerosene and silver, corresponding to the increases in the customs duties on the same articles.

5. Clause 7 provides for the continuance, for another year, of the levy of income-tax and super-tax, with the alterations as to rates mentioned in paragraphs 69 and 70 of my budget speech.

6. A comparison between the existing and the proposed rates and the estimated financial effect of the alterations in each case, will be found in the Financial Secretary's Explanatory Memorandum.

GEORGE SCHUSTER.

The 28th February, 1931.

Speech of the Financial Secretary in the Council of State on the 28th February 1931.

THE HONOURABLE SIR ARTHUR McWATTERS (Finance Secretary: Sir, I rise to present the statement of the estimated revenue and expenditure of the Governor General in Council for the year 1931-32 in respect of subjects other than Railways.

It is usual, Sir, at the commencement of a budget speech to make a brief reference to the final results of the last year, that is, the year ending the 31st March, 1930, and to compare the audited accounts of that year which we now possess with the revised estimates which we gave to this House a year ago. On this occasion it seems more than ever past history and I think it will be sufficient if I tell the House that, whereas we estimated that we would finish the year with a surplus of 35 lakhs, we have actually realised a surplus of 27 lakhs. I think that that is sufficiently close estimating in a budget of this magnitude.

I wish I could say the same for the estimates of the current year. Every Member of this House must have realised from the statements which we publish from time to time, and particularly from the Customs returns, that this year must end with a heavy deficit. There is little that is novel which I can say about the circumstances which have caused that deficit. They are well known. But I must refer to them very briefly. From the agricultural point of view the year was a fairly good one, so far as the outturn of crops was concerned, and the monsoon rainfall in 1930 has been on the whole adequate. But we have been confronted with circumstances, both of world-wide influence and circumstances peculiar to India, which have upset all calculations. So far as the world-wide influences are concerned, the catastrophe which began in New York in October, 1929 gathered momentum all through the year and we are now in the depths of a trade and industrial depression which is probably without parallel in recent economic history. It is accompanied, as is always the case, with a tremendous fall in commodity prices, with the cost of living falling also, but lagging far behind the fall in commodity prices, with, in consequence, reduced power of consumption in all classes among all peoples; and a catastrophe of this kind falls most heavily and most rapidly upon countries such as India which are dependent mainly upon the export of raw materials and agricultural produce. We see exactly the same phenomenon if we look from Australia to the Argentine or from China—I was going to say to Peru, but I will take a better example—to West Africa. In the case of India the House will be able to measure the extent of this catastrophe if we estimate the fall in prices of our exports and of our imports. I am taking the period from September, 1929 to December, 1930. In that period the average price of our exports fell by no less than 36 per cent. The corresponding fall in imports was only 16 per cent. Some people may take some consolation from this in the thought that whereas we may perhaps have felt the full effect of the fall in prices on the articles which we sell, we perhaps have not yet obtained the full benefit of the fall in the things that we buy. Again, if we look at the balance of trade it is perhaps a little curious that the actual visible balance of trade during this last year has not been unfavourable. If we take the first nine months of the financial year we find that the visible balance of trade in India's favour has been no less than 34½ crores, and this, although somewhat less than the balance of trade in our favour in the two preceding years, is actually larger than the balance of trade in India's favour

in the year 1927. Furthermore, if we consider the actual volume of our exports, we find that in the calendar year 1930 the volume of exports was only ·4 per cent. less than that of the preceding year 1929. But in India we have had our own special difficulties. There are two main causes of our troubles. One, are the internal disturbances, the attempt, quite unsuccessful, on the part of one section of the community to bring Government to a standstill, and the other is the nervousness and uncertainty which is naturally felt by a great many people at the prospects of great constitutional changes, especially—and this is what I want to emphasise—as these changes are taking place at a period of extreme economic depression.

The effect of all the causes which I have mentioned has been felt by us most severely in our Ways and Means and I shall tell the House some more about that later on; at the moment I am concerned only to show their effect upon the revenue budget of the current year. First of all as regards Customs. Here we have naturally felt the effect of the fall in prices and of the reduced volume of imports and we expect that our customs will be down by no less than 9½ crores, of which 3½ crores is contributed by cotton piece-goods. Secondly, under Income-tax, though here we have not yet felt the full effects of the troubles of the present year, we expect to be short of our estimate by 2 crores 20 lakhs. The third large head under which we have suffered has been in the Post and Telegraph Department. It is inevitable that this Department should have suffered from the reduction in trade activity. You will find exactly the same in the Post and Telegraph Departments of every other country in the world. We expected the Department would work during the current year at a deficit of 48 lakhs. We now expect that the deficit will be 136 lakhs. And finally, there is the large group of heads which I may call our general finance heads, about which I shall have more to say later on. Under these heads we expect to be down by 138 lakhs. The result is that so far as the current year is concerned, we anticipate now, instead of a surplus of 86 lakhs for which we budgeted, a deficit of 13 crores 56 lakhs. That is all that I wish to tell the House about the current revenue budget. Full details will be found in the papers which will shortly be circulated and I will now go on to the subject which is of more vital interest to all of us, the prospects for the coming year.

We have to ask ourselves what those prospects are? On what basis have our estimates been prepared? We have to consider the two classes of factors which I mentioned just now, the world factors and the factors peculiar to India. As regards the first, we are still in the depths of economic depression. Whether we are near the bottom of the curve or at the bottom of the curve may be a matter for dispute; but I think that every one who is competent to judge would say that recovery must be slow. At any rate it is only prudent to estimate that it will be slow. As regards the factors in India, we may at least hope that they will not be aggravated; we may perhaps hope that the evil effects will gradually pass away, and therefore, in framing this budget, Sir, we have been cautious, but we have not been unduly pessimistic; because, on the one hand, while we are determined not to leave an unsound position to our successors, while we are absolutely determined to present a budget which is soundly balanced, at the same time we have to be careful not to impose such taxation upon the tax-payer of to-day as would actually retard the process of improvement when it comes.

I think that I can explain the position most clearly to the House if I take the budget estimates of the current year and compare them with our budget stimates for the next under different heads. That will give the House the

measure of the gap which is to be made up on our present level of expenditure and on the present basis of taxation. First of all, as regards Customs, we expect that in the coming year we shall get 1½ crores more from Customs than we anticipate in the current year, but it will still be 8 crores below last year's Budget. As regards Income-tax, unfortunately here the tax is levied upon the profits of the current year and therefore we feel the full effect of the present year's depression. We expect to be down on the current year's Budget by 4½ crores, that is, 2 crores 30 lakhs worse than what we expect to realise this year. Apart from that, we have to allow for the falling off under our Opium receipts under the policy which reduces our opium exports year by year until they are finally extinguished. There are other smaller items, and under our tax revenue as a whole we expect to be down by 13 crores 16 lakhs.

I now turn to the Commercial Departments. Under the Posts and Telegraphs Department, we anticipate that next year will show a deficit of 141 lakhs, or if we include Capital which is charged to Revenue, 152 lakhs. Last year's Budget was bad enough, but this is 80 lakhs worse. As regards Railways, the deterioration under the Railways does not directly affect the revenue budget, but the House will realise very shortly from what I have to say that it has had a most serious effect upon our Ways and Means. So far as the revenue budget is concerned, the railway contribution next year will be 536 lakhs as against 574 lakhs in the current year, that is 38 lakhs less, so that under these two big Commercial Departments as a whole, we shall be worse by 1 crore 18 lakhs. Then there is the large group of heads which I have called general finance heads, that is to say, our interest receipts, our profits from Currency and Mints, our interest payments and the provision for Reduction and Avoidance of Debt. It is necessary to consider all these together for a proper understanding of the position. First and most important, our interest receipts. It is inevitable that there is a heavy fall here, because reduced prices mean reduced currency and our profits therefore from the interest on our Currency Reserve and also from Coinage and Mints are reduced. Under this head, we expect to be down by 2 crores 27 lakhs. Further, the interest on the Gold Standard Reserve, owing to the lower rate of interest prevailing in London, will be down by 54 lakhs. Next, as to our interest payments. Here we have been raising larger loans, raising loans at higher rates of interest, but actually the Budget will only show a loss under this head of 1 lakh. The reason for this mainly is that we have changed the system under which we debit interest charges to the Commercial Departments. The House will find a full explanation in the papers that will be circulated, but it amounts to no more than this, that we are charging the Commercial Departments, especially the Railways, the full rate of interest on the loans from which they have actually benefited. Then, there is finally the charge for Reduction and Avoidance of Debt. I think that every Member of the House will agree with me that this is not a year in which we could make a reduction under that head in the interest of our credit. Under the automatic working of the provision under this head, we shall have to allow for 78 lakhs more, so that under the general finance heads taken together we expect to be worse by 3 crores 76 lakhs. The figures which I have given to the House, if added together, 13 crores 16 lakhs under our tax revenue, 1 crore 18 lakhs under Commercial Departments, 3 crores 76 lakhs under our general finance heads, give a total gap of 18 crores 10 lakhs, against which we have to remember that last year's Budget contemplated a surplus of 86 lakhs, so that the gap to be made up is reduced to 17 crores 24 lakhs. This is the first figure which I wish the House to keep in mind. It is obvious that this gap can only be

made up by one of two ways, first by reduction in expenditure, and, secondly, by providing new sources of revenue ; and I will take these two heads in turn.

First, in connection with reduction in expenditure, I will deal with the Military Budget. Here, I am glad to be able to inform the House that we have been able to make a reduction of no less than 1 crore 70 lakhs. The Military Budget will now stand at a figure of 52½ crores. The House will remember that when the system of a stabilised Military Budget was introduced, it was to be at a figure of 55 crores for 4 years. Last year, we extended the period by one year and reduced the figure to 54 crores 20 lakhs. This year we propose to extend the same process, extending the period for one year more and reducing the figure to 53 crores 63 lakhs, but in addition to this we have been able to secure economies in the Military Budget of no less than 1 crore 13 lakhs. This has been possible partly from the fall in prices which has enabled the Army Department to buy cheaper a great many of the commodities which they use. In the second place, it is due to the special economy campaign which has been in force in the Army, and, thirdly, it is due to the postponement of certain parts of their ordinary military engineering programme. I think the House should realise that we cannot count on these economies necessarily as recurring, for, in the first place, they depend upon the level of prices ; in the second place, they represent special savings due to the economy campaign ; and in the third place, the retardation of the engineering programme which the military authorities have agreed to, they would not have agreed to for military reasons, but they have done it simply in order to meet us so far as they could in the present emergency, and I hope the House will agree with me that we owe a debt of gratitude to His Excellency the Commander-in-Chief and to all army officers for the help that they have given us this year in reducing the Military Budget. Taking into account also a small reduction in the provision for the Territorial Forces' grant, the total reduction in the Military Budget will be 175 lakhs.

I now turn to civil expenditure. There are two aspects of this. First of all, there are the immediate economies which we are able to make and to bring into force in connection with the present Budget, and, secondly, there is the wider question of a more permanent policy for reducing the cost of Government administration as a whole. I will take the immediate economies first, because they will enable me to complete the Budget picture. I am sure that every head of every Department will agree with me that this year we have been unusually drastic in our economies ; indeed we have been ruthless. We have resisted all new expenditure and we have attempted to cut down wherever we could. We have been able to make some appreciable reductions. First of all, under the head Contingencies and Allowances, a head which the Honourable Mr. Browne speaking in this House the other day referred to as the most serious head in any Budget—and I agree with him—under that head, we have made a reduction of no less than 26 lakhs, which represents a very large percentage reduction indeed. Secondly, in Frontier Watch and Ward we have made a reduction of 22 lakhs and in other special grants 14 lakhs. I would remind the House, in connection with the item, Frontier Watch and Ward, that we have also instituted a committee, which is now sitting, to enquire into the whole question whether by a better co-ordination of the various arms—irregular troops, regular troops and air force—we cannot make further reductions under this head.

Then I come to the big head—Civil Works. Here we have admitted no new works at all. We have cut down the provision for works in progress and we have made a large reduction under minor works, and the total savings

under this head will be 33 lakhs. The total economies in the civil administration which we have been able to make are 1 crore 26 lakhs. Against this unfortunately there are certain unavoidable increases in expenditure. First of all, under the time-scale system there is an automatic increase in the pay of our establishments of 23 lakhs. Secondly, there is the Census, a non-recurring item, for which we have to provide 34 lakhs. Then there is an item of 19 lakhs—a non-recurring item which is unavoidable —for Civil Aviation ; unavoidable, that is, if the present policy is to be continued. We have admitted only two items which, I think, might be mentioned to the House : (1) 2½ lakhs for improvement of our economic statistics, and (2) an additional grant of 3 lakhs for the Aligarh University. Fortunately, however, we have also one large non-recurring extraordinary item of receipt. We have quite recently been able to sell to the Imperial Wireless and Communications Company our assets in the Indo-European Telegraph Department. The House knows that that Department has been for some years a deficit Department. On the other hand, it was of advantage to the Wireless and Communications Company to remove it from their path because of the working of the special arrangement for division of profits—what is known as "the pool". Also it was of advantage to Persia who were anxious themselves to work their internal telegraph system. We shall receive for our assets in that department a sum of £450,000 and the amount which we shall be able to take credit for in the Budget is 54 lakhs. We are entitled to take this credit to revenue because those assets were constructed in all cases out of revenue, and we can legitimately set them against the non-recurring items for Census and Civil Aviation which are of almost exactly the same amount. Taking then our civil expenditure as a whole we are able to make a reduction of 97 lakhs, and if we add to this the 175 lakhs saving on the Military Budget we reduce our figure of 17 crores 24 lakhs to 14 crores 51 lakhs. That is the second figure which I would like the House to keep in mind.

Before however I proceed to explain to the House how we hope to raise this amount of money I have to refer to the second aspect of retrenchment in civil expenditure,—the question of framing a more permanent policy for the reduction in the general level of cost of Government administration. Here we are proposing to the Legislative Assembly that a small retrenchment committee should be formed. We are suggesting that the Assembly should elect five of its Members to this committee and that two Members should be nominated by the Governor General, one of whom will represent the Finance Department. We hope that this committee will get to work immediately. We hope also that it will not go in for indiscriminate retrenchment. Very often indiscriminate retrenchment proves in the long run to be no economy, but we do hope that they will search for true economies right through our civil administration. And in order to help them to do this we have in the course of this year prepared very elaborate details in every department of the growth of our expenditure and how it has arisen. The Special Officer, Mr. Jukes, who has been employed on this work has unfortunately been seriously ill for the last few weeks ; otherwise I should have placed his review in your hands to-day. But we expect it to be ready in the next week or two, and in any case before the end of this Session. With regard to the work of this committee, I think it is right to mention one or two points. The position as regards Railways was very clearly explained to the House the other day by the Honourable the Commerce Member. If as a result of next year's working of the Railways it is found necessary to adopt any special method of inquiry, obviously a special committee of a technical kind would be necessary. So that the retrenchment committee which we are now proposing will not include Railways

in its scope ; it would require a different kind of committee. Secondly, as regards the Post and Telegraph Department, the House knows that a committee is already sitting, the Chairman of which is a distinguished Member of the other House, to examine the commercial working of that Department. When that committee reports we shall know how far that Department is really working at a deficit or not, and then we shall be able, in consultation with the Legislature, to consider what further steps are necessary in regard to that Department.

There is one other subject connected with retrenchment which ought to be mentioned, which has been a good deal in the air, of making a lump cut in salaries of Government officials. I may say that we are not including in this Budget anything in the nature of an arbitrary lump cut from Government officials. It is a matter which has many important implications and I would invite the attention of the House particularly to what the Honourable the Finance Member is saying on this subject in his Budget speech. But two things I should say. The first is that in the proposals for new taxation, which I shall shortly mention to the House, you will find that some of them fall with full weight upon Government officials and indeed amount practically to a cut in salaries. In the second place, we are proposing to call a conference in Simla, as soon as possible after the Session, to which we have invited representatives of Local Governments to consider the question of reduction in salaries for new entrants to the services. This is an extremely important matter because I have not the slightest doubt that the Indian constitution of the future will find it difficult to work as economically as we are enabled to do and therefore if there is to be any saving from reduction in salaries of new entrants it is all the more necessary that we should begin at once.

After this digression, I now return to the basic figure of 14 crores 51 lakhs which requires to be made up. The first question which has to be considered, Sir, is whether this deficit is a temporary deficit, whether it is one for which purely temporary expedients are suitable, or whether it is more in the nature of a permanent loss of revenue. The situation is in some respects undoubtedly abnormal. But behind that abnormality there is the more permanent necessity of providing increased resources in view of the obligations which will come upon us under the new constitution—and especially the increased needs of Local Governments. Therefore, I think, that the truth lies half-way between the two extremes. And in the proposals which I am going to disclose to the House we have endeavoured to keep that principle in mind. The new sources of revenue will be provided under two heads only—Customs and Taxes on Income. They are indeed the only two heads which are large enough to meet obligations of the kind which we are now facing.

First of all, then, as regards Customs, what we have done is to select certain articles on which an increase in rates seems to us justified. On others we are proposing a system of surcharges. The articles which we have selected for increase in rates are, first of all, imported liquors, sugar, silver, betel-nuts, spices and exposed cinematograph films. The last three will be raised from the 15 per cent. *ad valorem* rate to the present luxury rate of 30 per cent. As regards imported liquors, we are proposing increases on wines and spirits which amount to from 30 to 40 per cent. On beer, which is at present rated more cheaply than the others, we are proposing an increase which amounts to 66 per cent. of the present duty. Under this head we expect to get 61 lakhs. Secondly, as regards sugar, what we are proposing here is an all-round increase of Rs. 1-4-0 a cwt. except on molasses which remains unchanged. This duty

is imposed purely for revenue purposes, but when we were actually considering it, we had before us the proposals of the Tariff Board on sugar and the Report of the Tariff Board will be in your hands in a few days' time. The rate which we are proposing, namely, Rs. 1-4-0 a cwt., although we arrived at it purely on revenue considerations, is as a matter of fact the basic rate which the Tariff Board are proposing in their Report as a protective duty. It is true their proposals for protection contemplate an additional eight annas a cwt. in certain circumstances, that is, if the price of sugar falls below the landed price of Rs. 4 per cwt. But we have arrived at our proposals quite independently ; it will be seen that they do not conflict with the proposals of the Tariff Board and it will make it easier to consider their proposals in due course. We expect to get from sugar 116 lakhs.

Then as regards silver, our proposal is to increase the duty on silver by two annas an ounce, that is to say, half of the increase which we made last year. Into this question some very important matters necessarily must enter. But I am not going to deal with the more general aspect of taxation on silver and will refer the House again to the comprehensive statement which the Honourable the Finance Member is making on this subject. I will deal with the matter purely as a revenue tax. We have found by the experience of last year that the increase which we then made of four annas an ounce has had very little effect upon the amount of imports of silver, and indeed, at the present price of silver, it is difficult to say why it should. Secondly, we found that the effect upon the price of silver, although there was a sentimental effect for a day or two, soon passed off. The real causes of the extreme fall in the price of silver are quite different. Thirdly, we think that this tax is justified to some extent because it protects the value of the silver holdings of the people.

I now come to the surcharges. What we propose is this. On articles which are tariffed at 10 per cent. *ad valorem* we propose an increase of 2½ per cent. There are very few of these articles. On articles which are tariffed at 15 per cent. *ad valorem* we propose a surcharge of 5 per cent. That will bring us 263 lakhs. The duty on articles which are tariffed at the luxury rate of 30 per cent. will be increased to 40 per cent. In connection with the articles tariffed at 15 per cent. *ad valorem* I should specially mention that on cotton piece-goods. We propose that the basic *ad valorem* rate of 15 per cent. should also be raised by 5 per cent. which will bring us 90 lakhs. There remain certain articles which are tariffed at specific rates, and the most important of these on which we are suggesting changes I will now mention. First of all, kerosene. We propose that the import and excise on kerosene should be increased by 9 pies per gallon, keeping the existing differentiation between the two rates. On motor spirit we propose an increase of two annas a gallon. On motor cars the original rate of 30 per cent. will be restored instead of 20 per cent. as at present. We are proposing finally certain changes in the import duties on tobacco, though not on unmanufactured tobacco. The rate on unmanufactured tobacco will remain unchanged. The only important item under tobacco from the revenue point of view is cigarettes. Here we are proposing an increase of Rs. 1-8-0 per thousand.

That, Sir, concludes my remarks about Customs. We expect to get from these changes 982 lakhs, which includes 50 lakhs from the protective duty on galvanized pipes and sheets which is already in force and which was discussed in this House the other day. On our Customs proposals generally I should only like to say that they will undoubtedly impose an increased cost to consumers. But at the same time we have to remember the fall in prices and that fall in prices is both the necessity and the justification for our proposals. I would also like to point out that in spite of the increases which we

are proposing, the total amount which we shall be taking from Customs is no greater than we should expect in a normal year from the customs duties at their old rates. And finally we may hope that in some cases at least the increases we are proposing may be of some benefit to Indian industry.

I now come to Taxes on Income. What we are proposing is this. The minimum exemption rate of Rs. 2,000 per annum will not be changed. On the first zone, *i.e.*, from Rs. 2,000 up to Rs. 4,999 we propose an increase of 4 pies in the rupee. On the higher zones we propose increases which vary from 5 to 7 pies in the rupee. The deduction for super-tax will be reduced from Rs. 50,000 to Rs. 30,000 except for undivided Hindu families where the present deduction of Rs. 75,000 will remain, and also for companies where the present deduction of Rs. 50,000 will remain unchanged. On the lowest new zone in super-tax, Rs. 30,000 to Rs. 50,000, we propose a rate of nine pies in the rupee and on all the other zones of super-tax we propose an increase of two pies in the rupee. The flat rate for companies at one anna will remain unchanged. From the papers which will be circulated shortly the House will see that these rates, though they may seem rather arbitrary, do in fact work out to a graduated scale for incomes of various sizes, that they vary from 2 per cent. to 5 per cent. of the income, and the total amount which we expect to get from these increases is 454 lakhs under income-tax and 46 lakhs under super-tax, a total of 5 crores. These increases are undoubtedly heavy. But I may tell the House that we regard these proposals as being essentially of a temporary nature to deal with a temporary emergency. It may be that some parts of our scheme, the changes in graduation of different zones or the reduction of super-tax to Rs. 30,000 may be permanent. But before we can consider how far we can reduce income-tax there are other matters which will come under consideration in the course of the year. First of all, we shall have to decide whether the fall in prices really means a permanent reduction in our revenue. Secondly, we shall have to decide whether we are able in the course of the year to reduce the level of cost of Government administration; and, thirdly, we shall have to devise if we can some alternative methods of taxation which will press less hardly upon trade and industry. As regards income-tax, I should only refer again to what I said just now, that what we are proposing does operate as a direct cut in salaries of Government servants.

There is one other important matter in connection with income-tax. We are proposing, and a Bill will shortly be placed before the Legislature, to introduce the British system of residence as the basis of income-tax. At present our law affords a facility, almost an inducement, for the export of capital from India in order to escape this tax, and as the export of capital has for various reasons become one of the greatest dangers which confront us at the moment we hope that this change in the law may do something to counteract that tendency. This Bill will be introduced and circulated for the opinion of commercial bodies and others and will probably come up in the September Session.

The net result of what I have told the House is that, if our proposals for taxation are passed by the Legislature, we shall end the year with a surplus of 31 lakhs, and as 88 lakhs of the new taxation will be levied in March, the deficit on the current year will be reduced to 12 crores 68 lakhs.

I now turn to what is the most important part of my speech—the question of Ways and Means. This is always the most important part of the Budget, but in the present year it is not only the most difficult but it is also preponderatingly important, because the various circumstances which I mentioned

earlier in my speech have affected our Ways and Means far more severely than they have affected our revenue budget. I will explain to the House very briefly some of the ways in which they have affected them. First of all, as the House knows, we are the bankers of the Provincial Governments and of the Railways. During this last year the Provincial Governments have had a very difficult time. They have had large revenue deficits ; in most cases they have had to spend much money in relieving agricultural distress. Their drawings upon us as their bankers have increased by 3½ crores. Secondly, the Railways, as the House knows from the figures which have been placed before them recently, have been drawing on their reserves, and therefore they have been drawing on us as their bankers to the extent of 9½ crores. Next, in a year like the present it was probably inevitable that there should be some falling off in our receipts from postal cash certificates and savings banks. Last September we increased the rates on cash certificates to 6 per cent. and since then there has been a gratifying increase, but taking the year as a whole we expect that our Ways and Means will be affected to the extent of 3¾ crores under this head. Thirdly, there is the deficit of the current year to be covered ; and, fourthly, there is the very important question of contraction of currency. The House will understand that in a period of sharply falling prices it is inevitable that currency must contract. Whatever the ratio had been in September, 1929, the same process which we have had to go through would have had to be gone through, and as Government is the currency authority the contraction of currency directly affects our Ways and Means. That the contraction has not been excessive will I think be evident to any one who compares the amount of it with the actual fall in prices. We have contracted during the year 36¼ crores, mostly against rupee securities in the reserve. As against this we have got back from circulation 17½ crores of silver rupees. The net effect of all these drains upon our Ways and Means has been a gap which we have had to make up of no less than 64½ crores during the year. The effect of it will be seen in the increase in the amount of Treasury Bills which are held by the public. The figure at the end of the year will be, we expect, 45 crores, against a figure of 20 crores which we anticipated in the Budget. That is to say, there will be a worseness of 25 crores. Treasury Bills held by the public will have been substituted for Treasury Bills in our reserve. So far as the rest of the gap is concerned, we have made it up through the larger takings from our rupee loan last year and by increased borrowings in London.

Now, as regards the next year, we have taken every step possible to reduce our capital commitments. The railway capital programme has been reduced by 5 crores to 11¾ crores ; the drawings of Local Governments, although next year too they will have difficulties, will be reduced by 2 crores to 9½ crores, and we expect that we shall require as new money only 7¾ crores next year. We have also 7¼ crores of 1932 bonds coming due for repayment, so that a total loan, including conversions, of 15 crores should meet all our requirements. If we obtain more than this we shall naturally apply it to reducing the burden of our floating debt. As regards borrowings in London, next January we have coming due what remains of the 20 millions loan, which is now reduced owing to the operations of last February to £15 millions. We expect to be able to convert that and, apart from that, we shall if normal remittances can be resumed, require no further borrowing.

But I must warn the House that this question of remittances to which I now come is one of the most difficult items in our Ways and Means operations. During the current year as I pointed out, in nine months we have had a visible balance of trade in India's favour of 34½ crores. Yet, the 5 millions or so which we were able to remit last summer have been almost exactly equalised by the

amount of sterling we have sold in recent months. So in point of fact we have met our requirements in London by borrowing, and for this there is only one reason, namely, the export of capital from India. It may be due to various causes, but I can name two. It is due partly to speculation; it is due partly to nervousness as to what the future Constitution is going to bring. The result of it of course is increased sterling borrowings, higher bank rates out here and depreciation of our securities and it is very much in the hands of Indians themselves if this tendency is to be counteracted. All I can say to the speculators is that they are going to be sadly disappointed. As regards those who are influenced by nervousness, I should say, "Get rid of it". What we want is a little more confidence and a good deal more co-operation. It is not necessary for me to make any appeal to this House, but if all persons in all classes in the midst of their not unnatural political enthusiasms, with which I for one feel great sympathy, if all of them could devote an equal amount of attention to matters which affect the financial stability and the credit of the country, then although the picture which I have drawn may seem gloomy and though some of the remedies we have proposed will undoubtedly be unpalatable, I feel certain that the recovery may be rapid. I also feel certain that, if the conditions for which I have appealed could be realised, India is in a better position than almost any other country to take advantage of improvement in economic conditions when it comes. (Applause.)

Schedule of demands for grants for expenditure of the Central Government (excluding Railways) for the year 1931-32 submitted for the vote of the Legislative Assembly.

Number of demand.	Service, Administration or Area to which demand relates.	Head of Account.	Amount
†	**A. Expenditure charged to Revenue.**		Rs.
16	Customs	Custom	75,53,000
17	Taxes on Income	Taxes on Income	71,75,000
18	Salt	Salt	80,46,000
19	Opium	Opium	71,56,000
20	Stamps	Stamps	1,000
21	Forest	Forest	8,36,000
22	Irrigation (including Working Expenses), Navigation, Embankment and Drainage Works.	Works for which capital accounts are kept, Miscellaneous Irrigation Expenditure, Construction of Irrigation etc., Works.	16,47 000
23	Indian Posts and Telegraphs Department (including Working Expenses).	Posts and Telegraphs	11,47,94,000
24	Indo-European Telegraph Department (including Working Expenses).		1,000
25	Interest on Debt and Reduction or Avoidance of Debt.	Interest on Ordinary Debt	3,27,09,000
26	Interest on Miscellaneous Obligations	Interest on other Obligations	45,48,000
27	Staff, Household and allowances of the Governor General.	General Administration	4,06,000
28	Executive Council		91,000
29	Council of State		90,000
30	Legislative Assembly and Legislative Assembly Department.		7,47,000
31	Foreign and Political Department		9,14,000
32	Home Department		6,93,000
33	Public Service Commission		94,000
34	Legislative Department		3,41,000
35	Department of Education, Health and Lands		6,08,000
36	Finance Deparsment		10,77,000
37	Separation of Accounts from Audit		15,27,000
38	Commerce Department		3,47,000
39	Army Department		5,39,000
40	Department of Industries and Labour		5,05,000
41	Central Board of Revenue		1,70,000
42	Payments to Provincial Governments on account of Administration of Agency subjects.		87,000
43	Audit	Audit	89,14,000
44	Administration of Justice	Administration of Justice	55,000
45	Police	Police	1,96,000
46	Ports and Pilotage	Ports and Pilotage	13,17,000
47	Lighthouses and Lightships	Lighthouses and Lightships	12,82,000
48	Survey of India	Scientific Departments	33,43,000
49	Meteorology	" "	20,49,000
50	Geological Survey	" "	2,37,000
51	Botanical Survey	" "	2,54,000
52	Zoological Survey	" "	1,54,000
53	Archæology	" "	13,74,000
54	Mines	" "	1,40,000
55	Other Scientific Departments	" "	3,24,000
56	Education	Education	18,72,000
57	Medical Services	Medical	6,90,000
58	Public Health	Public Health	12,97,000
59	Agriculture	Agriculture	12,83,000
60	Imperial Council of Agricultural Research Department.	"	7,01,000
61	Civil Veterinary Services	"	7,41,000
62	Industries	Industries	1,74,000
		Carried over	21,90,00,000

†Demands Nos. 1—15 relate to expenditure on Railways.

Schedule of demands for grants for expenditure of the Central Government (excluding Railways) for the year 1931-32 submitted for the vote of the Legislative Assembly—*concld.*

Number of demand.	Service, Administration or Area to which demand relates.	Head of Account	Amount.
			Rs.
	Brought forward		21,99,09,000
	A.—Expenditure charged to Revenue—*concld*		
63	Aviation	Aviation	31,40,000
64	Commercial Intelligence and Statistics	Miscellaneous Departments	5,23,000
65	Census	,, ,,	31,13,000
66	Emigration—Internal	,, ,,	36,000
67	,, External	,, ,,	2,03,000
68	Joint-Stock Companies	,, ,,	1,16,000
69	Miscellaneous Departments	,, ,,	6,21,000
70	Indian Stores Department	Indian Stores Department	6,42,000
71	Currency	Currency	48,38,000
72	Mint	Mint	26,53,000
73	Civil Works	Civil Works	2,26,40,000
74	Superannuation Allowances and Pensions	Superannuation Allowances and Pensions.	41,66,000
75	Stationery and Printing	Stationery and Printing	62,57,000
76	Miscellaneous	Miscellaneous	8,09,000
77	Refunds		70,78,000
78	North-West Frontier Province		1,11,39,000
79	Baluchistan		31,27,000
80	Delhi		43,69,000
81	Ajmer-Merwara		16,97,000
82	Andamans and Nicobar Islands	Distributed over respective heads of account.	40,08,000
83	Rajputana		5,55,000
84	Central India		5,66,000
85	Hyderabad		3,19,000
86	Expenditure in England—Secretary of State for India.		16,38,000
87	Expenditure in England—High Commissioner for India.		33,54,000
Non-voted.	Excise, Ecclesiastical, Political etc,		..
	TOTAL		30,66,16,000
	B.—Expenditure charged to Capital.		
88	Capital outlay on Security Printing	Capital outlay on Security Printing.	1,000
89	Forest Capital outlay	Capital outlay on Forest	1,000
90	Irrigation	Construction of Irrigation Works.	64,000
91	Indian Posts and Telegraphs	Capital outlay on Posts and Telegraphs.	33,09,000
92	Indo-European Telegraphs		58,17,000
93	Capital outlay on Currency Note Press	Currency Capital outlay not charged to Revenue.	5,000
94	Capital outlay on Vizagapatam Harbour	Capital outlay on Vizagapatam port.	43,15,000
95	Capital outlay on Lighthouse and Lightships	Capital outlay on Light-houses and Lightships.	1,000
96	Commuted value of Pensions	Payment of Commuted Value of Pensions.	29,90,000
97	New Capital at Delhi	Initial Expenditure on New Capital at Delhi.	21,63,000
	TOTAL		1,86,66,000
	C.—Disbursements of Loans and Advances.		
98	Interest-free advances		79,29,000
99	Loans and advances bearing interest		8,36,41,000
	TOTAL		9,15,70,000
	GRAND TOTAL		41,68,52,000

THE INDIAN FINANCE BILL

AS AMENDED BY THE LEGISLATIVE ASSEMBLY IN CONSIDERATION STAGE.

A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to vary the excise duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, to fix rates of income tax and super-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to vary the excise duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, to fix rates of income-tax and super-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930; It is hereby enacted as follows :— VIII of 1894. VI of 1898. II of 1917. XII of 1922. X of 1923. XVIII of 1930.

Short title, and extent.

1. (*1*) This Act may be called the Indian Finance Act, 1931.

(*2*) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

Fixation of salt duty.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, for the year beginning on the 1st day of April, 1931, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section. XII of 1882.

Amendment of Schedule II to Act VIII of 1894.

3. The amendments specified in the First Schedule to this Act shall be made in Schedule II to the Indian Tariff Act, 1894. VIII of 1894.

Additional customs duties.

4. In addition to the duties payable under the Indian Tariff Act, 1894, and any other Act for the time being in force, there shall be levied and collected in every port to which that Act applies additional duties on the importation of articles specified in the first and second columns of the Second Schedule at the rates or obtained by the method shown against them in the third column thereof. VIII of 1894.

5. For the year beginning on the 1st day of April, 1931, the schedule contained in the Third Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act.

VI of 1898. Inland postage rates.

II of 1917. Excise duty on Motor Spirit.

6. In sub-section (1) of section 3 of the Motor Spirit (Duties) Act, 1917, for the words "six annas" the words "eight annas" shall be substituted.

Income-tax and super-tax.

7. (1) Income-tax for the year beginning on the 1st day of April, 1931, shall be charged at the rates specified in Part I of the Fourth Schedule.

XI of 1922.

(2) The rates of super-tax for the year beginning on the 1st day of April, 1931, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Fourth Schedule.

XI of 1922.

(3) For the purposes of the Fourth Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922.

XII of 1922. Excise duty on kerosene.

8. In the proviso to section 5 of the Indian Finance Act, 1922, for the words "one anna and six pies" the words "two annas and three pies" shall be substituted.

X of 1923. Amendment of section 19, Act X of 1923.

9. In sub-section (7) of section 19 of the Indian Paper Currency Act, 1923, for the figures "1931" the figures "1932" shall be substituted.

XVIII of 1930. Excise duty on silver.

10. In sub-section (1) of section 3 of the Silver (Excise Duty) Act, 1930, for the words "four annas" the words "six annas" shall be substituted.

XVI of 1918.

It is hereby declared that it is expedient in the public interest that the provisions of clauses 3, 4, 6, 8 and 10 of this Bill should have temporary effect under the provisions of the Provisional Collection of Taxes Act, 1918.

SCHEDULE I.

Amendments to be made in Schedule II to the Indian Tariff Act, 1894.

[*See section 3.*]

1. For Items Nos. 28 to 33 inclusive the following Items shall be substituted, namely :—

			Rs. a.
"28	ALE, beer, porter, cider and other fermented liquors.	In barrels or other containers containing 27 oz. or more, per imperial gallon.	0 12
		In bottles containing less than 27 oz. but not less than 20 oz., per bottle.	0 2
		In bottles containing less than 13½ oz. but not less than 10 oz., per bottle.	0 1
		In bottles containing less than 6¾ oz. but not less than 5 oz., per bottle.	0 ½
		In other containers, per imperial gallon.	1 0
29	DENATURED SPIRIT . . .	*Ad valorem*	7½ per cent.
30	SPIRITS (other than denatured spirit)— . .		
	(1) Brandy, gin, rum, whisky, and other sorts of spirits not otherwise specified, including wines containing more than 42 per cent. of proof spirit.	Imperial gallon of the strength of London proof.	30 0
	(2) Liqueurs, cordials, mixtures and other preparations containing spirit (other than drugs and medicines)—		
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Imperial gallon . . .	40 0
	(ii) not so entered . . .	Imperial gallon of the strength of London proof.	30 0
	(3) Drugs and medicines containing spirit—		
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Imperial gallon . . .	30 0
	(ii) not so entered . .	Imperial gallon of the strength of London proof.	21 14
	(4) Perfumed spirits . .	Imperial gallon . . .	48 0

			Rs. a.
	Provided that—		
	(a) the duty on any article included in this Item shall in no case be less than the duty which would be charged if the article were included in Part V of this Schedule;		
	(b) where the unit of assessment is the imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof.		
31	WINES, not containing more than 42 per cent. of proof spirit—		
	(1) champagne and other sparkling wines.	Imperial gallon . . .	10 8
	(2) other sorts	Imperial gallon . . .	6 0"

2. For Item No. 34 the following shall be substituted, namely :—

"34	SUGAR, excluding confectionery (see No. 124)—		
	(1) Sugar, crystallised or soft 23 Dutch Standard and above.	Cwt.	7 4
	(2) Sugar, crystallised or soft inferior to 23 Dutch Standard but not inferior to 8 Dutch Standard.	Cwt.	6 12
	(3) Sugar, below 8 Dutch Standard and sugar candy.	*Ad valorem*	25 per cent. *plus* two rupees and twelve annas per cwt.
	(4) Molasses	*Ad valorem*	25 per cent. "

3. In Item No. 37A, in the Note thereto, for the words " amount to be deducted on account of duties payable on importation to determine the real value in accordance with the provisions of clause (*a*) of the said section shall be Rs. 7 per thousand " the words " deduction allowed under clause (*a*) of that section shall be calculated in all cases as if the cigarettes were classified under sub-item (*a*) " shall be substituted.

4. In item No. 43BB, relating to silver bullion and coin, for the words " Four annas " in the fourth column, the words " Six annas " shall be substituted.

5. In Part V, the heading " SPICES " and Item No. 70 shall be omitted.

6. In Item No. 105, after the words " FILMS ", the words " not exposed" shall be added.

7. After Item No. 124 and under the head "*I.—Food, Drink and Tobacco,*" the following item shall be inserted, namely :—

"124A	The following SPICES, namely :— Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper."	

8. After Item No. 134, the following item shall be inserted, namely:—

"134A	CINEMATOGRAPH FILMS, exposed."	

9. In Part VI, after Item No. 141, the following heading and item shall be inserted, namely :—

"*III.—Miscellaneous and unclassified.*

141A—BETELNUTS."

SCHEDULE II.

Articles liable to an additional duty of customs, and additional duties leviable thereon.

[*See section 4.*]

References to Part and No. of Item in Schedule II to the Indian Tariff Act, 1894.	Description of articles liable to additional duty.	Rate of additional duty or method of obtaining it.
PART II.		
27 . .	FISH, SALTED, wet or dry . . .	5 per cent *ad valorem.*
37 . .	CIGARS	15 per cent. *ad valorem.*
37A . .	CIGARETTES	Re. 1 annas 8 per thousand.
38 . .	All other sorts of TOBACCO manufactured	Twelve annas per pound.
40 . .	KEROSENE; also any other mineral oil included in Item No. 40.	9 pies per imperial gallon.
40A . .	MOTOR SPIRIT	2 annas per imperial gallon.
41 . .	MINERAL OIL—	
	(1) ordinarily used for the batching of jute or other fibre, as specified in sub-item (1) of Item No. 41;	Rs. 2 annas 8 per ton.
	(2) not ordinarily used for any other purpose than for lubrications, as specified in sub-item (2) of Item No. 41;	4 pies per gallon.
	(3) not ordinarily used except as fuel or for some sanitary or hygienic purposes, as specified in sub-item (3) of Item No. 41;	2½ per cent. *ad valorem.*

References to Part and No. of Item in Schedule II to the Indian Tariff Act, 1894.	Description of articles liable to additional duty.	Rate of additional duty or method of obtaining it.
42	All ARMS, and other articles included in Item No. 42.	10 per cent. *ad valorem*.
42A	MOTOR CARS, motor cycles and other articles included in Item No. 42A.	10 per cent. *ad valorem*.
43C	ARTIFICIAL SILK YARN and THREAD	2½ per cent. *ad valorem*.
45A	SILK MIXTURES, all sorts included in Item No. 45A.	7½ per cent. *ad valorem*.
46C	PORTLAND CEMENT (excluding white portland cement).	Rs. 2 per ton.
PART IV.		
Nos. 58 to 64 inclusive.	All articles for the time being included in Part IV of the Second Schedule.	2½ per cent. *ad valorem*.
PART V.		
Nos. 65 to 123 inclusive.	All articles for the time being included in Part V of the Second Schedule, excluding "raw hemp" comprised in Item No. 78.	5 per cent. *ad valorem*.
PART VI.		
Nos. 124 to 141, inclusive, except Nos. 124A and 134A.	All articles for the time being included in Part VI of the Second Schedule, except— (1) the following SPICES, namely— Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper (*see* No. 124A); (2) CINEMATOGRAPH FILMS, exposed (*see* No. 134A); and (3) BETELNUTS (*see* No. 141A).	10 per cent. *ad valorem*.
PART VII.		
156A	COTTON PIECE-GOODS—all sorts included in Item No. 156A.	The figures for the rates of the *ad valorem* duties shall be deemed to be increased by 5 in each case.

SCHEDULE III.

Schedule to be inserted in the Indian Post Office Act, 1898.

[*See section 5.*]

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[*See section 7.*]

Letters.

For a weight not exceeding two and a half tolas	One anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas	One anna.

Postcards.

Single	Half an anna.
Reply	One anna.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof	Half an anna.

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."

SCHEDULE IV.

[*See section 7.*]

PART I.

Rates of Income-tax.

For Part I of Schedule IV to the Bill the following be substituted:—

	Rate.
"A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(1) When the total income is less than Rs. 2,000	*Nil.*
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Five pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Eight pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	Eleven pies in the rupee.
(5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	One anna and one pie in the rupee.
(6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and five pies in the rupee.
(7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and nine pies in the rupee.
(8) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000.	One anna and eleven pies in the rupee.
(9) When the total income is Rs. 1,00,000 or upwards	Two annas in the rupee.
B. In the case of every company and registered firm, whatever its total income.	Two annas in the rupee."

PART II.

Rates of Super-tax.

In respect of the excess over thirty thousand rupees of total income—

	Rate.
(1) in the case of every company—	
(*a*) in respect of the first twenty thousand rupees of such excess	*Nil.*
(*b*) for every rupee of the remainder of such excess	One anna in the rupee.
(2) (*a*) in the case of every Hindu undivided family—	
(*i*) in respect of the first forty-five thousand rupees of such excess	*Nil.*
(*ii*) for every rupee of the next twenty-five thousand rupees of such excess.	One anna and three pies in the rupee.
(*b*) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company—	
(*i*) for every rupee of the first twenty thousand rupees of such excess,	Nine pies in the rupee.
(*ii*) for every rupee of the next fifty thousand rupees of such excess.	One anna and three pies in the rupee.
(*c*) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(*i*) for every rupee of the next fifty thousand rupees of such excess.	One anna and nine pies in the rupee.
(*ii*) for every rupee of the next fifty thousand rupees of such excess	Two annas and three pies in the rupee.
(*iii*) for every rupee of the next fifty thousand rupees of such excess	Two annas and nine pies in the rupee.
(*iv*) for every rupee of the next fifty thousand rupees of such excess	Three annas and three pies in the rupee.
(*v*) for every rupee of the next fifty thousand rupees of such excess	Three annas and nine pies in the rupee.
(*vi*) for every rupee of the next fifty thousand rupees of such excess	Four annas and three pies in the rupee.
(*vii*) for every rupee of the next fifty thousand rupees of such excess	Four annas and nine pies in the rupee.
(*viii*) for every rupee of the next fifty thousand rupees of such excess	Five annas and three pies in the rupee.
(*ix*) for every rupee of the next fifty thousand rupees of such excess	Five annas and nine pies in the rupee.
(*x*) for every rupee of the remainder of such excess	Six annas and three pies in the rupee.

In pursuance of the provisions of sub-section (*1*) of section 67B of the Government of India Act, I, Edward Frederic Lindley, Baron Irwin, do recommend to the Legislative Assembly that it do pass the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to vary the excise duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, to fix rates of income-tax and super-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty), Act, 1930, in the form hereto annexed.

(Sd.) IRWIN,
Viceroy and Governor General.

The 26th March, 1931.

THE INDIAN FINANCE BILL.

AS RECOMMENDED TO THE LEGISLATIVE ASSEMBLY BY THE VICEROY AND GOVERNOR-GENERAL ON THE 26TH MARCH 1931.

A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to vary the excise duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, to fix rates of income-tax and super-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to vary the excise duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, to fix rates of income-tax and super-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930; It is hereby enacted as follows:— VIII of 1894. VI of 1898. II of 1917. XII of 1922. X of 1923. XVIII of 1930.

Short title and extent.

1. (*1*) This Act may be called the Indian Finance Act, 1931.

(*2*) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

Fixation of salt duty.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other XII of 1882.

than Burma and Aden, be construed as if, for the year beginning on the 1st day of April, 1931, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.]

Amendment of Schedule II to Act VIII of 1894.

VIII of 1894.

3. The amendments specified in the First Schedule to this Act shall be made in Schedule II to the Indian Tariff Act, 1894.

Additional customs duties.

VIII of 1894.

4. In addition to the duties payable under the Indian Tariff Act, 1894, and any other Act for the time being in force, there shall be levied and collected in every port to which that Act applies additional duties on the importation of articles specified in the first and second columns of the Second Schedule at the rates or obtained by the method shown against them in the third column thereof.

Inland postage rates.

VI of 1898.

5. For the year beginning on the 1st day of April, 1931, the schedule contained in the Third Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act.

Excise duty on motor spirit.

II of 1917.

6. In sub-section (*1*) of section 3 of the Motor Spirit (Duties) Act, 1917, for the words "six annas" the words "eight annas" shall be substituted.

Income-tax and super-tax.

7. (*1*) Income-tax for the year beginning on the 1st day of April, 1931, shall be charged at the rates specified in Part I of the Fourth Schedule.

XI of 1922.

(*2*) The rates of super-tax for the year beginning on the 1st day of April, 1931, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Fourth Schedule.

(*3*) For the purposes of the Fourth Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922.

XI of 1922.

Excise duty on kerosene.

XII of 1922.

8. In the proviso to section 5 of the Indian Finance Act, 1922, for the words "one anna and six pies" the words "two annas and three pies" shall be substituted.

Amendment of section 19, Act X of 1923.

X of 1923.

9. In sub-section (*7*) of section 19 of the Indian Paper Currency Act, 1923, for the figures "1931" the figures "1932" shall be substituted.

Excise duty on silver.

XVIII of 1930.

10. In sub-section (*1*) of section 3 of the Silver (Excise Duty) Act, 1930, for the words "four annas" the words "six annas" shall be substituted.

It is hereby declared that it is expedient in the public interest that the provisions of clauses 3, 4, 6, 8 and 10 of this Bill should have temporary effect under the provisions of the Provisional Collection of Taxes Act, 1918.

XVI of 1918.

SCHEDULE I

Amendment to be made in Schedule II to the Indian Tariff Act, 1894.

[*See section 3.*]

1. For Items Nos. 28 to 33 inclusive the following Items shall be substituted, namely :—

			Rs. a.
"28	ALE, beer, porter, cider and other fermented liquors.	In barrels or other containers containing 27 oz. or more, per imperial gallon.	0 12
		In bottles containing less than 27 oz. but not less than 20 oz., per bottle.	0 2
		In bottles containing less than 13½ oz. but not less than 10 oz., per bottle.	0 1
		In bottles containing less than 6¾ oz. but not less than 5 oz., per bottle.	0 ½
		In other containers, per imperial gallon.	1 0
29	DENATURED SPIRIT . .	*Ad valorem*	7½ per cent.
30	SPIRITS (other than denatured spirit)—		
	(1) Brandy, gin, rum, whisky, and other sorts of spirits not otherwise specified, including wines containing more than 42 per cent. of proof spirits.	Imperial gallon of the strength of London proof.	30 0
	(2) Liqueurs, cordials, mixtures and other preparations containing spirit (other than drugs and medicines)—		
	(i) entered in such a manner as to indicate that the strength is not to be tested.	Imperial gallon	40 0
	(ii) not so entered . .	Imperial gallon of the strength of London proof.	30 0
	(3) Drugs and medicines containing spirit—		
	(i) entered in such a manner as to indicate that the strength is not to be tested :	Imperial gallon . . .	30 0
	(ii) not so entered . .	Imperial gallon of the strength of London proof.	21 14
	(4) Perfumed spirits . .	Imperial gallon . . .	48 0

			Rs. a.
	Provided that— (*a*) the duty on any article included in this Item shall in no case be less than the duty which would be charged if the article were included in Part V of this Schedule; (*b*) where the unit of assessment is the imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof.		
31	WINES, not containing more than 42 per cent. of proof spirit—		
	(1) champagne and other sparkling wines.	Imperial gallon . . .	10 8
	(2) other sorts . . .	Imperial gallon . . .	6 0"

2. For Item No. 34 the following shall be substituted, namely :—

"34	SUGAR, excluding confectionery (*see* No. 124)—		
	(1) Sugar, crystallised or soft 23 Dutch Standard and above.	Cwt.	7 4
	(2) Sugar, crystallised or soft inferior to 23 Dutch Standard but not inferior to 8 Dutch Standard.	Cwt.	6 12
	(3) Sugar, below 8 Dutch Standard and sugar candy.	*Ad valorem*	25 per cent. *plus* two rupees and twelve annas per cwt.
	(4) Molasses	*Ad valorem*	25 per cent."

3. In Item No. 37A, in the Note thereto, for the words "amount to be deducted on account of duties payable on importation to determine the real value in accordance with the provisions of clause (*a*) of the said section shall be Rs. 7 per thousand", the words "deduction allowed under clause (*a*) of that section shall be calculated in all cases as if the cigarettes were classified under sub-item (*a*)" shall be substituted.

4. In item No. 43BB, relating to silver bullion and coin, for the words "Four annas" in the fourth column, the words "Six annas" shall be substituted.

5. In Part V, the heading "SPICES" and Item No. 70 shall be omitted.

6. In Item No. 105, after the words "FILMS", the words "not exposed" shall be added.

7. After Item No. 124 and under the head "*I.—Food, Drink and Tobacco,*" the following item shall be inserted, namely :—

"124A	The following SPICES, namely :—	
	Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper."	

8. After Item No. 134, the following item shall be inserted, namely :—

"134A	CINEMATOGRAPH FILMS, exposed;"	

9. In Part VI, after Item No. 141, the following heading and item shall be inserted, namely :—

"*III.—Miscellaneous and unclassified.*

141A	BETELNUTS."	

SCHEDULE II

Articles liable to an additional duty of customs, and additional duties leviable thereon.

[*See section 4.*]

Reference to Part and No. of Item in Schedule II to the Indian Tariff Act, 1894.	Description of articles liable to additional duty.	Rate of additional duty or method of obtaining it.
PART II.		
27 . .	FISH, SALTED, wet or dry . . .	5 per cent. *ad valorem.*
37 . .	CIGARS	15 per cent. *ad valorem.*
37A . .	CIGARETTES	Re. 1 annas 8 per thousand.
38 . .	All other sorts of TOBACCO manufactured	Twelve annas per pound
40 . .	KEROSENE, also any other mineral oil included in Item No. 40.	9 pies per imperial gallon.
40A . .	MOTOR SPIRIT	2 annas per imperial gallon.
41 . .	MINERAL OIL—	
	(1) ordinarily used for the batching of jute or other fibre, as specified in sub-item (1) of Item No. 41 ;	Rs. 2 annas 8 per ton.
	(2) not ordinarily used for any other purpose than for lubrication, as specified in sub-item (2) of Item No. 41 ;	4 pies per gallon.
	(3) not ordinarily used except as fuel or for some sanitary or hygienic purposes, as specified in sub-item (3) of Item No. 41.	2½ per cent. *ad valorem.*

Reference to Part and No. of Item in Schedule II to the Indian Tariff Act, 1894.	Description of articles liable to additional duty.	Rate of additional duty or method of obtaining it.
42 . .	All ARMS, and other articles included in item No. 42.	10 per cent. *ad valorem.*
42A . .	MOTOR CARS, motor cycles and other articles included in Item No. 42A.	10 per cent. *ad valorem.*
43C . .	ARTIFICIAL SILK YARN and THREAD	2½ per cent. *ad valorem.*
45A . .	SILK MIXTURES, all sorts included in Item No. 45A.	7½ per cent. *ad valorem.*
46C . .	PORTLAND CEMENT (excluding white portland cement).	Rs. 2 per ton.
PART IV.		
Nos. 58 to 64 inclusive.	All articles for the time being included in Part IV of the Second Schedule.	2½ per cent. *ad valorem.*
PART V.		
Nos. 65 to 123 inclusive.	All articles for the time being included in Part V of the Second Schedule, excluding "raw hemp" comprised in Item No. 78.	GCP 5 per cent. *ad valorem.*
PART VI.		
Nos. 124 to 141, inclusive, except Nos. 124A and 134A;	All articles for the time being included in Part VI of the Second Schedule, except— (1) the following SPICES, namely— Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper (*see* No. 124A); (2) CINEMATOGRAPH FILMS exposed (*see* No. 134A); and (3) BETELNUTS (*see* No. 141A).	10 per cent. *ad valorem.*
PART VII.		
156A. .	COTTON PIECE GOODS—all sorts included in Item No. 156A.	The figures for the rates of the *ad valorem* duties shall be deemed to be increased by 5 in each case.

SCHEDULE III.

Schedule to be inserted in the Indian Post Office Act, 1898.

[*See section 5.*]

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[*See section 7.*]

Letters.

For a weight not exceeding two and a half tolas . .	One anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas.	One anna.

Postcards.

Single	Half an anna.
Reply	One anna.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof	Half an anna.

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas.	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas.	Half an anna.

Parcels.

For a weight not exceeding twenty tolas	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas.	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas.	Four annas."

SCHEDULE IV.

[*See section 7.*]

PART I.

Rates of Income-tax.

	Rate.
A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(1) When the total income is less than Rs. 2,000 . .	*Nil.*
(2) When the total income is Rs. 2,000 or upwards, but is less than Rs. 5,000.	Six pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards, but is less than Rs. 10,000.	Nine pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards, but is less than Rs. 15,000.	One anna in the rupee.
(5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	One anna and four pies in the rupee.
(6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and seven pies in the rupee.
(7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and eleven pies in the rupee.
(8) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000.	Two annas and one pie in the rupee.
(9) When the total income is Rs. 1,00,000 or upwards	Two annas and two pies in the rupee.
B. In the case of every company and registered firm, whatever its total income.	Two annas and two pies in the rupee.

PART II.

Rates of Super tax.

In respect of the excess over thirty thousand rupees of total income—

	Rate.
(1) in the case of every company—	
(*a*) in respect of the first twenty thousand rupees of such excess.	*Nil.*
(*b*) for every rupee of the remainder of such excess.	One anna in the rupee.
(2) (*a*) in the case of every Hindu undivided family—	
(*i*) in respect of the first-forty five thousand rupees of such excess.	*Nil.*
(*ii*) for every rupee of the next twenty-five thousand rupees of such excess.	One anna and three pies in the rupee.
(*b*) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company—	
(*i*) for every rupee of the first twenty thousand rupees of such excess.	Nine pies in the rupee.
(*ii*) for every rupee of the next fifty thousand rupees of such excess.	One anna and three pies in the rupee.
(*c*) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(*i*) for every rupee of the next fifty thousand rupees of such excess.	One anna and nine pies in the rupee.
(*ii*) for every rupee of the next fifty thousand rupees of such excess.	Two annas and three pies in the rupee.
(*iii*) for every rupee of the next fifty thousand rupees of such excess.	Two annas and nine pies in the rupee.
(*iv*) for every rupee of the next fifty thousand rupees of such excess.	Three annas and three pies in the rupee.
(*v*) for every rupee of the next fifty thousand rupees of such excess.	Three annas and nine pies in the rupee.
(*vi*) for every rupee of the next fifty thousand rupees of such excess.	Four annas and three pies in the rupee.
(*vii*) for every rupee of the next fifty thousand rupees of such excess.	Four annas and nine pies in the rupee.
(*viii*) for every rupee of the next fifty thousand rupees of such excess.	Five annas and three pies in the rupee.
(*ix*) for every rupee of the next fifty thousand rupees of such excess.	Five annas and nine pies in the rupee.
(*x*) for every rupee of the remainder of such excess.	Six annas and three pies in the rupee.

The Legislative Assembly has failed to pass this Bill in the form recommended by the Governor General.

IBRAHIM RAHIMTOOLA,

The 27th March, 1931. *President, Legislative Assembly.*

WHEREAS the Legislative Assembly has failed to pass in the form recommended by me the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to vary the excise duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, to fix rates of income-tax and super-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, a copy of which Bill in the form recommended by me is hereto annexed;

NOW, THEREFORE, I, Edward Frederick Lindley, Baron Irwin, in exercise of the power conferred by sub-section (1) of section 67B of the Government of India Act, do hereby certify that the passage of the said Bill is essential for the interests of British India.

IRWIN,

Viceroy and Governor General.

The 27th March, 1931.

In pursuance of the provisions of sub-section (*1*) of Section 67B of the Government of India Act, I, Edward Frederick Lindley, Baron Irwin, do recommend to the Council of State that it do pass the Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to vary the excise duty on motor spirit leviable under the Motor Spirit (Duties) Act, 1917, to fix rates of income-tax and super-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930, in the form hereto annexed.

IRWIN,

Viceroy and Governor General.

The 27th March, 1931.

GOVERNMENT OF INDIA.

LEGISLATIVE DEPARTMENT.

New Delhi, the 4th April 1931.

The following Act, which has been assented to by the Governor General on the 30th March 1931, under the provisions of clause (b) of Sub-section (*1*) of Section 67B of the Government of India Act, and has been expressed to be made by the Governor General under the provisions of sub-section (*2*) of the same section, is hereby published for general information:—

An Act to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to vary the excise duty on motor spirit leviable under the Motor Spirit (Duties Act, 1917, to fix rates of income-tax and super-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary certain duties leviable under the Indian Tariff Act, 1894, to fix maximum rates of postage under the Indian Post Office Act, 1898, to vary the excise duty on motor spirit leviable under the Moter Spirit (Duties) Act, 1917, to fix rates of income-tax, and super-tax, to vary the excise duty on kerosene leviable under the Indian Finance Act, 1922, further to amend the Indian Paper Currency Act, 1923, and to vary the excise duty on silver leviable under the Silver (Excise Duty) Act, 1930; it is hereby enacted as follows:—

VIII of 1894. VI of 1898. II of 1917. XII of 1922. X of 1923. XVIII of 1930.

Short title and extent.

1. (*1*) This Act may be called the Indian Finance Act, 1931.

(*2*) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

XII of 1882.

Fixation of salt duty.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Governor General in Council to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India other than Burma and Aden, be construed as if, for the year beginning on the 1st day of April, 1931, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

3. The amendments specified in the First Schedule to this Act shall be made in Schedule II to the Indian Tariff Act, 1894. VIII of 1894.

Amendment of Schedule II to Act VIII of 1894.

*4. In addition to the duties payable under the Indian Tariff Act, 1894, and any other Act for the time being in force, there shall be levied and collected in every port to which that Act applies additional duties on the importation of articles specified in the first and second columns of the Second Schedule at the rates or obtained by the method shown against them in the third column thereof. VIII of 1894.

Additional customs duties.

5. For the year beginning on the 1st day of April, 1931, the schedule contained in the Third Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act. VI of 1898.

Inland postage rates.

*6. In sub-section (*1*) of section 3 of the Motor Spirit (Duties) Act, 1917, for the words "six annas" the words "eight annas" shall be substituted. II of 1917.

Excise duty on motor spirit.

7. (*1*) Income-tax for the year beginning on the 1st day of April, 1931 shall be charged at the rates specified in Part I of the Fourth Schedule.

Income-tax and super-tax.

(*2*) The rates of super-tax for the year beginning on the 1st day of April, 1931, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be those specified in Part II of the Fourth Schedule. XI of 1922.

(*3*) For the purposes of the Fourth Schedule, "total income" means total income as determined, for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922. XI of 1922.

*8. In the proviso to section 5 of the Indian Finance Act, 1922, for the words "one anna and six pies" the words "two annas and three pies" shall be substituted. XII of 1922

Excise duty on kerosene.

9. In sub-section (*7*) of section 19 of the Indian Paper Currency Act, 1923, for the figures "1931" the figures "1932" shall be substituted. X of 1923.

Amendment of section 19, Act X of 1923.

*10. In sub-section (*1*) of section 3 of the Silver (Excise Duty) Act, 1930, for the words "four annas" the words "six annas" shall be substituted. XVIII of 1930.

Excise duty on silver.

* This section came into effect on 1st March 1931, by virtue of a declaration, inserted in the Bill under the Provisional Collection of Taxes Act, 1918 (16 of 1918).

SCHEDULE I.

Amendments to be made in Schedule II to the Indian Tariff Acts, 1894.

[*See section 3.*]

1. For Items Nos. 28 to 33 inclusive the following Items shall be substituted, namely :—

			Rs. A.
" 28	ALE, beer, porter, cider and other fermented liquors.	In barrels or other containers containing 27 oz. or more, per imperial gallon.	0 12
		In bottles containing less than 27 oz. but not less than 20 oz. per bottle.	0 9
		In bottles containing less than 13½ oz. but not less than 10 oz. per bottle.	0 4½
		In bottles containing less than 6¾ oz. but not less than 5 oz. per bottle.	0 2¼
		In other containers, per imperial gallon.	1 0
29	DENATURED SPIRIT.	*Ad valorem*	7½ per cent.
30	SPIRITS (other than denatured spirit)—		
	(1) Brandy, gin, rum, whisky, and other sorts of spirits not otherwise specified, including wines containing more than 42 per cent. of proof spirit.	Imperial gallon of the strength on London proof.	30 0
	(2) Liqueurs, cordials, mixtures and other preparations containing spirit (other than drugs and medicines)—		
	(*i*) entered in such a manner as to indicate that the strength is not to be tested ;	Imperial gallon . . .	40 0
	(*ii*) not so entered . .	Imperial gallon of the strength London proof.	30 0
	(3) Drugs and medicines containing spirit—		
	(*i*) entered in such a manner as to indicate that the strength is not to be tested ;	Imperial gallon . . .	30 0
	(*ii*) not so entered . .	Imperial gallon of the strength of London proof.	21 14
	(4) Perfumed spirits . .	Imperial gallon . . .	48 0

			Rs. A.
	Provided that—		
	(*a*) the duty on any article included in this Item shall in no case be less than the duty which would be charged if the article were included in Part V of this Schedule;		
	(*b*) where the unit of assessment is the imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof.		
31	WINES, not containing more than 42 per cent. of proof spirit—		
	(1) champagne and other sparkling wines.	Imperial gallon . . .	10 8
	(2) other sorts.	Imperial gallon . . .	6 0"

2. For Item No. 34 the following shall be substituted, namely:—

"34	SUGAR, excluding confectionery (*see* No. 124)—		Rs. A.
	(1) Sugar, crystallised or soft 23 Dutch Standard and above.	Cwt.	7 4
	(2) Sugar, crystallised or soft inferior to 23 Dutch Standard but not inferior to 8 Dutch Standard.	Cwt.	6 12
	(3) Sugar, below 8 Dutch Standard and sugar candy.	*Ad valorem*	25 per cent. *plus* two rupees and twelve annas per cwt.
	(4) Molasses	*Ad valorem*	25 per Cent."

3. In Item No. 37A, in the Note thereto, for the words "amount to be deducted on account of duties payable on importation to determine the real value in accordance with the provisions of clause (*a*) of the said section shall be Rs. 7 per thousand", the words "deduction allowed under clause (*a*) of that section shall be calculated in all cases as if the cigarettes were classified under sub-item (*a*)" shall be substituted.

4. In Item No. 43BB, relating to silver bullion and coin for the words "Four annas" in the fourth column, the words "Six annas" shall be substituted.

5. In Part V, the heading "SPICES" and Item No. 70 shall be omitted.

6. In Item No. 105, after the word "FILMS" the words, "not exposed" shall be added.

7. After item No. 124 and under the head "*I.—Food, Drink and Tobacco,*" the following item shall be inserted, namely :—

"124A	The following SPICES, namely :— Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper."	

8. After Item No. 134, the following item shall be inserted, namely :—

"134A	CINEMATOGRAPH FILMS, exposed."	

9. In Part VI, after Item No. 141, the following heading and item shall be inserted, namely :—

"*III.—Miscellaneous and unclassified.*

141A	BETELNUTS."	

SCHEDULE II.

Articles liable to an additional duty of customs, and additional duties leviable thereon.

[*See section 4.*]

References to Part and No. of Item in Schedule II to the Indian Tariff Act, 1894.	Description of articles liable to additional duty.	Rate of additional duty or method of obtaining it.
PART II.		
27 . .	FISH, SALTED, wet or dry . . .	5 per cent. *ad valorem.*
37 . .	CIGARS	15 per cent. *ad valorem.*
37A . .	CIGARETTES	Re. 1 annas 8 per thousand.
38 . .	All other sorts of TOBACCO manufactured.	Twelve annas per pound.
40 . .	KEROSENE; also any other mineral oil included in Item No. 40.	9 pies per imperial gallon.
40A . .	MOTOR SPIRIT	2 annas per imperial gallon.
41 . .	MINERAL OIL—	
	(1) ordinarily used for the batching of jute or other fibre, as specified in sub-item (1) of Item No. 41;	Rs. 2 annas 8 per ton.
	(2) not ordinarily used for any other purpose than for lubrication as specified in sub-item (2) of Item No. 41;	4 pies per gallon.
	(3) not ordinarily used except as fuel or for some sanitary or hygienic purposes, as specified in sub-item (3) of Item No. 41;	2½ per cent. *ad valorem.*

References to Part and No. of Item in Schedule II to the Indian Tariff Act, 1894.	Description of articles liable to additional duty.	Rate of additional duty or method of obtaining it.
42 . .	All ARMS, and other articles included in Item No. 42.	10 per cent. *ad valorem.*
42A . .	MOTOR CARS, motor cycles and other articles included in Item No. 42A.	10 per cent. *ad valorem.*
43C . .	ARTIFICIAL SILK YARN AND THREAD .	2½ per cent. *ad valorem.*
45A . .	SILK MIXTURES 'all stores included in Item No. 45A.'	7½ per cent. *ad valorem.*
46C . .	PORTLAND CEMENT (excluding white portland cement).	Rs. 2 per ton.
PART IV.		
Nos. 58 to 64 inclusive.	All articles for the time being included in Part IV of the Second Schedule.	2½ per cent. *ad valorem.*
PART V.		
Nos. 65 to 123 inclusive.	All articles for the time being included in Part V of the Second Schedule, excluding "raw hemp" comprised in Item No. 78.	5 per cent. *ad valorem.*
PART VI.		
Nos. 124 to 141 inclusive, except Nos. 124A and 134A.	All articles for the time being included in Part VI of the Second Schedule, except— (1) the following SPICES, namely— Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper (*see* No. 124A): (2) CINEMATOGRAPH FILMS exposed (*see* No. 134A); and (3) BETELNUTS (*see* No. 141A).	10 per cent. *ad valorem.*
PART VII.		
156A .	COTTON PIECE-GOODS—all sorts included in Item No. 156A.	The figures for the rates of the *ad valorem* duties shall be deemed to be increased by 5 in each case.

SCHEDULE III.

Schedule to be inserted in the Indian Post Office Act, 1898.

[*See Section 5.*]

"THE FIRST SCHEDULE."

INLAND POSTAGE RATES.

[*See Section 7.*]

Letters.

For a weight not exceeding two and a half tolas . .	One anna.
For every two and a half tolas, or fraction thereof, exceeding two and a half tolas.	One anna.

Postcards.

Single	Half an anna.
Reply	One anna.

Book, Pattern and Sample Packets.

For every five tolas or fraction thereof . . .	Half an anna.

Registered Newspapers.

For a weight not exceeding eight tolas	Quarter of an anna.
For a weight exceeding eight tolas and not exceeding twenty tolas.	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas.	Half an anna.

Parcels.

For a weight not exceeding twenty totals . . .	Two annas.
For a weight exceeding twenty tolas and not exceeding forty tolas.	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas.	Four annas.

SCHEDULE IV.

[*See section 7.*]

PART I.

Rates of Income-tax.

A. In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—

	Rate.
(1) When the total income is less than Rs. 2,000 .	*Nil.*
(2) When the total income is Rs. 2,000 or upwards but is less than Rs. 5,000.	Six pies in the rupee.
(3) When the total income is Rs. 5,000 or upwards but is less than Rs. 10,000.	Nine pies in the rupee.
(4) When the total income is Rs. 10,000 or upwards but is less than Rs. 15,000.	One anna in the rupee.
(5) When the total income is Rs. 15,000 or upwards, but is less than Rs. 20,000.	One anna and four pies in the rupee.
(6) When the total income is Rs. 20,000 or upwards, but is less than Rs. 30,000.	One anna and seven pies in the rupee.
(7) When the total income is Rs. 30,000 or upwards, but is less than Rs. 40,000.	One anna and eleven pies in the rupee.
(8) When the total income is Rs. 40,000 or upwards, but is less than Rs. 1,00,000.	Two annas and one pie in the rupee.
(9) When the total income is Rs. 1,00,000 or upwards. .	Two annas and two pies in the rupee.
B. In the case of every company and registered firm, whatever its total income.	Two annas and two pies in the rupee.

PART II.

Rates of Super-tax.

In respect of the excess over thirty thousand rupees of total income :—

	Rate.
(1) in the case of every company—	
(*a*) in respect of the first twenty thousand rupees of such excess.	*Nil.*
(*b*) for every rupee of the remainder of such excess .	One anna in the rupee.
(2) (*a*) in the case of every Hindu undivided family—	
(*i*) in respect of the first forty-five thousand rupees of such excess.	*Nil.*
(*ii*) for every rupee of the next twenty-five thousand rupees of such excess.	One anna and three pies in the rupee.
(*b*) in the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company—	
(*i*) for every rupee of the first twenty thousand rupees of such excess.	Nine pies in the rupee.
(*ii*) for every rupee of the next fifty thousand rupees of such excess.	One anna and three pies in the rupee.
(*c*) in the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—	
(*i*) for every rupee of the next fifty thousand rupees of such excess.	One anna and nine pies in the rupee.
(*ii*) for every rupee of the next fifty thousand rupees of such excess.	Two annas and three pies in the rupee.
(*iii*) for every rupee of the next fifty thousand rupees of such excess.	Two annas and nine pies in the rupee.
(*iv*) for every rupee of the next fifty thousand rupees of such excess.	Three annas and three pies in the rupee.
(*v*) for every rupee of the next fifty thousand rupees of such excess.	Three annas and nine pies in the rupee.
(*vi*) for every rupee of the next fifty thousand rupees of such excess.	Four annas and three pies in the rupee.
(*vii*) for every rupee of the next fifty thousand rupees of such excess.	Four annas and nine pies in the rupee.
(*viii*) for every rupee of the next fifty thousand rupees of such excess.	Five annas and three pies in the rupee.
(*ix*) for every rupee of the next fifty thousand rupees of such excess.	Five annas and nine pies in the rupee.
(*x*) for every rupee of the remainder of such excess.	Six annas and three pies in the rupee.

This Bill has been consented to by the Council of State.

H. MONCRIEFF SMITH,

President, Council of State.

The 30th March, 1931.

I assent to this Bill.

IRWIN,

Viceroy and Governor General.

The 30th March, 1931.

This Act has been made by me as Governor General under the provisions of section 67 B of the Government of India Act.

IRWIN,

Viceroy and Governor General.

Monday, the 30th March, 1931.

Whereas I, Edward Frederick Lindley, Baron Irwin, am of opinion that a state of emergency exists which justifies the direction by me that the Indian Finance Act, 1931, being an Act made by me under the provisions of section 67 B of the Government of India Act, shall come into operation forthwith:

Now, therefore, in exercise of the power conferred by the proviso to sub-section (2) of that section, I do hereby direct accordingly.

IRWIN,

Viceroy and Governor General.

The 30th March, 1931.

No. D./118-B.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

New Delhi, the 9th April 1931.

RESOLUTION.

The statements relating to the Revised estimates for 1930-31 and the Budget estimates for 1931-32, which were presented to the Legislative Assembly and the Council of State on the 17th and the 28th February 1931, have been reconsidered with reference to the reductions made by the Legislative Assembly in the Demands for Grants, and the course of legislation since the latter date. The changes made are explained below and the revised statements are now published as usual for general information.

2. The following reductions were made by the Legislative Assembly in the demands presented to them:—

Demand.	Amount.
	Rs.
1—Railway Board	1,00,000
Do	100
16—Customs	100
17—Taxes on Income	100
28—Executive Council	100
39—Army Department	100

All these reductions have been accepted so far as the demands are concerned. The reductions relating to the Railway Board, however, do not affect the revenue surplus of the Central Government, nor do the other token cuts in view of the fact that the figures in these statements are in round thousands of rupees.

3. The Indian Finance Act, 1931, as made by the Governor General, involves a reduction of Rs. 1,05 lakhs in the income-tax revenue for the year 1931-32 as previously forecasted. The gap thus created has been partly filled

by a reduction of Military expenditure to the extent of Rs. 60 lakhs and by a reduction of Civil expenditure to the extent of 15 lakhs as indicated below :—

Head of Account.	Amount.
	Rs.
XV—Posts and Telegraphs—	
Indian Posts and Telegraphs Department—	
Working Expenses	5,00,000
23—Audit	1,06,000
36—Aviation	1,00,000
37—Miscellaneous Departments —	
Census	5,74,000
Bureau of Commercial Intelligence including Statistics	2,26,000
Total	15,00,000

The remainder of the gap, *viz.*, Rs. 30 lakhs has the effect of reducing the revenue surplus from Rs. 31,06,000 to Rs. 1,06,000. It has not been considered necessary at this stage to make any alteration in the estimates as a result of passing of the Salt (Additional Import Duty) Act, 1931, or the Wheat (Import Duty) Act, 1931, as their effect on the net revenue position of the Central Government will probably be inappreciable.

A. C. McWATTERS,

Secretary to the Government of India.

BUDGET

of the

Governor-General in Council,

April, 1931.

FINANCE DEPARTMENT,
New Delhi, the 8th April 1931.

A. C. McWATTERS,
Secretary to the Govt. of India.

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I.—General Statement of the Revenue and Expenditure charged to

	For details, *vide* Statement.	Accounts, 1929-30.	Budget Estimate, 1930-31.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
		Rs.	Rs.	Rs.	Rs.
Revenue—					
Principal Heads of Revenue—					
Customs	A	51,27,66,229	54,63,81,000	43,01,93,000	56,45,97,000
Taxes on Income	,,	16,70,60,831	17,93,78,000	15,79,83,000	17,44,54,000
Salt	,,	6,76,46,354	7,04,83,000	6,85,00,000	7,05,00,000
Opium	,,	3,04,09,788	2,71,80,000	2,62,60,000	2,15,58,000
Other Heads	,,	2,25,60,177	2,30,86,000	2,20,63,000	2,21,46,000
TOTAL PRINCIPAL HEADS		80,04,43,369	84,71,08,000	73,49,99,000	85,32,55,000
Railways: Net Receipts (as per Railway Budget)	A	37,16,42,648	38,10,00,000	39,18,71,000	39,54,02,000
Irrigation: Net Receipts	,,	9,93,201	14,25,000	8,95,000	13,75,000
Posts and Telegraphs: Net Receipts	,,	1,49,901	21,52,000	−63,85,000	−49,21,000
Interest Receipts	,,	4,40,60,589	3,45,31,000	3,32,07,000	2,91,99,000
Civil Administration	,,	1,16,52,526	1,06,44,000	96,99,000	1,03,45,000
Currency and Mint	,,	2,73,68,805	2,89,15,000	1,25,98,000	63,34,000
Civil Works	,,	22,65,456	26,17,000	28,00,000	24,85,000
Miscellaneous	,,	95,62,413	86,11,000	85,63,000	73,89,000
Military Receipts	,,	3,98,08,743	3,62,08,000	3,62,30,000	4,47,57,000
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments	,,	3,011	...	...	...
Extraordinary Items	,,	1,88,94,440	32,00,000	98,84,000	30,44,000
TOTAL REVENUE		1,32,68,55,102	1,35,64,11,000	1,23,43,61,000	1,24,86,64,000
DEFICIT		...	...	12,68,42,000	...
TOTAL		1,32,68,55,102	1,35,64,11,000	1,36,12,03,000	1,24,86,64,000

Revenue of the Central Government, in India and in England.

	For details, *vide* Statement.	Accounts, 1929-30.	Budget Estimate, 1930-31.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
Expenditure—		Rs.	Rs.	Rs.	Rs.
Direct Demands on the Revenue	B	4,08,49,232	4,35,57,000	4,40,14,000	4,40,34,000
Forest and other Capital outlay charged to Revenue	,,	5,13,198	6,33,000	5,69,000	2,16,000
Railways : Interest and Miscellaneous Charges (as per Railway Budget)	,,	31,04,56,685	32,36,43,000	33,45,14,000	34,18,00,000
Irrigation	,,	29,97,935	25,71,000	38,54,000	22,10,000
Posts and Telegraphs	,,	82,68,322	92,73,000	95,54,000	42,49,000
Debt Services	,,	16,58,67,427	17,81,58,000	17,22,26,000	18,77,40,000
Civil Administration	,,	12,65,91,333	13,26,59,000	13,54,35,000	13,06,36,000
Currency and Mint	,,	74,20,494	77,06,000	99,73,000	78,71,000
Civil Works	,,	2,58,27,070	2,81,06,000	2,68,19,000	2,41,28,000
Miscellaneous	,,	4,45,04,998	4,16,87,000	4,24,53,000	4,08,92,000
Military Services	,,	59,08,08,743	57,07,08,000	57,93,30,000	50,47,57,000
Miscellaneous adjustments between the Central and Provincial Governments	,,	...	...	...	...
Extraordinary Items	,,	6,062	50,000	15,62,000	25,000
TOTAL EXPENDITURE CHARGED TO REVENUE		1,32,41,71,504	1,34,78,11,000	1,36,12,03,000	1,34,85,58,000
SURPLUS		26,83,598	86,00,000	...	1,06,000
TOTAL		1,32,68,55,102	1,35,64,11,000	1,36,12,03,000	1,34,86,64,000

II.—General Statement of the Receipts and Disbursements of the

	For details, *vide* Statement.	Receipts.			
		Accounts, 1929-30.	Budget Estimate, 1930-31.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
		Rs.	Rs.	Rs.	Rs.
Surplus	C	26,83,598	86,00,000	...	1,06,000
Railway Capital not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards outlay on State Railways (as per Railway Budget)	C	2,43,676	...	...	...
Debt, Deposits and Advances—					
Permanent Debt (net incurred)	C	20,39,57,284	4,66,00,000	46,47,65,000	10,21,62,000
Floating Debt (net incurred)	,,	30,10,65,000	...	...	...
Unfunded Debt (net incurred)	,,	13,04,22,471	9,36,52,000	4,92,67,000	9,69,72,000
Deposits and Advances (net)	,,	...	5,57,80,000	1,62,67,000	7,44,43,000
Railway Depreciation and Reserve Funds as per Railway Budget (net)	,,	...	5,08,95,000	...	1,04,83,000
Total Debt, Deposits and Advances.		63,54,44,755	24,69,27,000	53,02,99,000	28,40,10,000
Remittances (net)	C	...	4,95,000	9,10,000	6,47,000
Total Receipts	...	63,83,72,029	25,60,22,000	53,12,09,000	28,47,63,000
Opening Balance { India	...	9,20,46,097	17,79,20,097	25,76,33,677	12,74,69,677
Opening Balance { England	...	6,99,36,668	9,30,41,668	8,51,57,683	6,46,96,683
TOTAL	...	80,03,54,794	52,69,83,765	87,40,00,360	47,69,29,360

Central Government, in India and in England.

	For details, *vide* Statement.	Disbursements.			
		Accounts, 1929-30.	Budget Estimate, 1930-31.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
		Rs.	Rs.	Rs.	Rs.
Deficit		...	...	12,68,42,000	...
Railway, Irrigation, Posts and Telegraphs and other Capital outlay not charged to Revenue—					
Capital outlay on Security Printing Press	C	22,754	45,000	4,43,000	—3,94,000
Construction of State Railways (as per Railway Budget)	"	30,18,33,675	16,75,00,000	14,50,00,000	11,45,00,000
Discharge of Debentures (as per Railway Budget)	"	...	...	...	...
Construction of Irrigation Works	"	2,99,477	1,01,000	46,000	67,000
Capital outlay on Posts and Telegraphs	"	33,07,339	68,71,000	3,36,000	91,30,000
Capital outlay on Vizagapatam Port	"	35,75,018	34,20,000	38,75,000	43,18,000
Capital outlay on Light-houses and Light-ships	"	12,821	...	...	...
Currency Capital outlay	"	66,632	1,68,000	1,58,000	5,000
Initial expenditure on New Capital at Delhi	"	72,72,239	51,84,000	52,90,000	24,72,000
Payment of commuted value of pensions	"	38,08,683	33,59,000	39,51,000	37,38,000
Capital outlay on Bombay Land Scheme	"	...	2,05,22,000	2,12,29,000	...
Total Capital Account Disbursements		32,03,00,638	20,71,90,000	18,03,28,000	13,38,36,000
Debt, Deposits and Advances—					
Floating Debt (net discharged)	"	...	4,00,00,000	17,20,70,000	5,39,60,000
Deposits and Advances (net)	"	1,06,65,355	...	...	...
Railway Depreciation and Reserve Funds as per Railway Budget (net)	"	1,24,97,917	...	6,80,99,000	...
Total Debt, Deposits and Advances		2,31,63,272	4,00,00,000	24,01,69,000	5,39,60,000
Loans and Advances by the Central Government (net Advances)	"	7,20,11,416	6,73,62,000	8,43,95,000	7,49,71,000
Remittances (net)	"	51,12,412	...	...	...
Balances of Provincial Governments (net)	"	3,70,75,696	2,61,13,000	5,01,00,000	3,21,00,000
Total Disbursements	...	45,75,65,434	34,06,65,000	68,18,34,000	29,48,67,000
Closing Balance India	...	25,76,33,677	12,95,94,097	12,74,69,677	12,03,84,677
Closing Balance England	...	8,51,57,683	5,67,24,668	6,46,96,683	6,16,77,683
Total	...	80,03,54,794	52,69,83,765	87,40,00,360	47,69,29,360

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1929-30.				Revised Estimate,		Item No.
	India.	England.	Exchange.	Total.	India.	England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Principal Heads of Revenue—							
I.—Customs	51,27,66,229	...	...	51,27,66,229	46,01,93,000	...	1
II.—Taxes on Income	16,70,56,233	4,550	38	16,70,60,821	15,79,83,000	...	2
III.—Salt	6,76,46,354	...	...	6,76,46,354	6,85,00,000	...	3
IV.—Opium	3,04,09,788	...	...	3,04,09,788	2,67,61,000	...	4
V.—Land Revenue	38,14,551	2,335	29	38,16,915	38,40,000	...	5
VI.—Excise	54,74,463	...	...	54,74,463	48,30,000	...	6
VII.—Stamps	27,49,660	...	...	27,49,660	27,21,000	...	7
VIII.—Forest	31,28,728	73	...	31,28,801	31,10,000	3,000	8
IX.—Registration	1,66,874	...	...	1,66,874	1,47,000	...	9
X.—Payments from Indian States	72,23,464	...	...	72,23,464	74,12,000	...	10
Total	80,04,36,344	6,958	67	80,04,43,369	73,49,96,000	3,000	11
Irrigation, etc.—							
XIII.—Works for which Capital accounts are kept—Gross Receipts	21,70,203	...	...	21,70,203	21,60,000	...	12
Deduct—Working Expenses	*11,76,050*	*12*	...	*11,76,062*	*12,67,000*	...	13
Net Receipts	9,94,153	—12	...	9,94,141	8,93,000	...	14
XIV.—Works for which no Capital Accounts are kept	2,056	4	...	2,060	2,000	...	15
Total	9,96,209	—8	...	9,96,201	8,95,000	...	16
Posts and Telegraphs—							
XV.—Posts and Telegraphs—Indian Posts and Telegraphs Department—Gross Receipts	11,29,49,633	...	...	11,29,49,633	10,73,83,000	...	17
Deduct—Working Expenses	*11,18,64,906*	*7,44,855*	6,414	*11,26,16,175*	*11,26,77,000*	*7,50,000*	18
Net Receipts	10,84,727	—7,44,855	—6,414	3,33,458	—52,94,000	—7,50,000	19
Indo-European Telegraph Department—Gross Receipts	11,80,589	14,02,308	12,717	25,95,614	10,05,000	11,91,000	20
Deduct—Working Expenses	*26,01,497*	*1,76,186*	*1,488*	*27,79,171*	*24,02,000*	*1,39,000*	21
Net Receipts	—14,20,908	12,26,122	11,239	—1,83,557	—13,97,000	10,52,000	22
Total	—3,36,181	4,81,267	4,815	1,49,901	—66,91,000	3,02,000	23
Debt Services—							
XVI.—Interest	96,52,335	3,41,66,151	2,42,103	4,40,60,589	1,02,06,000	2,27,21,000	24
Carried over	81,07,48,707	3,46,54,368	2,46,985	84,56,50,060	73,94,06,000	2,30,26,000	25

* Sterling converted into Rupees at £1=Rs. 13⅓.

Government, in India and in England.

Item No.	1930-31. Exchange.	1930-31. Total.	Increase (+) Decrease (—) as compared with Budget, 1930-31.	Budget Estimate, 1931-32. India.	England.	Exchange.	Total.	Increase (+) Decrease (—) as compared with Revised 1930-31.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	...	46,01,93,000	—8,61,88,000	56,45,97,000	...	...	56,45,97,000	+ 0,44,04,000
2	...	15,73,83,000	—2, 9,95,000	17,44,54,000	...	...	17,44,54,000	+ 1,64,71 000
3	...	6,85,00,000	—19,83,000	7,05,0 ,000	...	...	7,05,00,000	+20,00,000
4	...	2,63,60,000	—9,20,000	2,15,58,000	...	...	2,15,58,000	—47,02,000
5	...	38,40,000	—1,77,000	37,81,000	...	...	37,81,000	—59,000
6	...	48,30,000	—5,52,000	48,04,000	...	...	48,04,000	—26,000
7	...	27,21,000	—1,63,000	27,22,000	...	...	27,22,000	+1,000
8	...	31,13,000	—1,32,000	32,43,000	...	...	32,43,000	+1,30,000
9	...	1,47,000	—13,000	1,51,000	...	...	1,51,000	+4,000
10	...	74,12,000	+14,000	74,45,000	...	...	74,45,000	+33,000
11	...	73,49,93,000	—1,21,09,000	85,32,55,000	...	...	85,32,55,000	+11,82,56,000
12	...	21,60,000	—2,22,000	23,57,000	...	...	23,57,000	+1,97,000
13	...	12,67,000	—3,06,000	9,84,000	...	...	9,84,000	+2,83,000
14	...	8,93,000	—5,28,000	13,73,000	...	...	13,73,000	+4,80,000
15	...	2,000	—2,000	2,000	...	...	2,000	...
16	...	8,95,000	—5,30,000	13,75,000	...	...	13,75,000	+4,80,000
17	...	10,73,83,000	—77,02,000	10,96,05,000	...	...	10,96,05,000	+22,22,000
18	9,000	11,34,36,000	—7,35,000	11,37,73,000	7,53,000	...	11,45,26,000	—10,90,000
19	—9,000	—60,53,000	—84,37,000	—41,68,000	—7,53,000	...	—49,21,000	+11,32,000
20	15,000	22,11,000	—2,59,000	...	...	...	...	—22,11,000
21	2,000	25,43,000	+1,59,000	...	...	...	...	+25,43,000
22	13,000	—3,32,000	—1,00,000	...	...	...	...	+3,32,000
23	4,000	—63,85,000	—85,37,000	—41,68,000	—7,53,000	...	—49,21,000	+14,64,000
24	2,80,000	3,32,07,000	—13,24,000	96,52,000	1,95,47,000	...	2,91,99,000	—40,08,000
25	2,84000	76,27,16,000	—12,25,00,000	86,01,14,000	1,87,94,000	...	87,89,08,000	+11,61,92,000

A.—Statement of the Revenue of the Central

HEADS OF REVENUE.	Accounts, 1929-30.				Revised Estimate		No.
	India.	England.	Exchange.	Total.	India.	England.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	81,07,48,707	3,46,54,368	2,49,985	84,56,50,060	73,94,06,000	2,30,26,000	
Civil Administration—							
XVII.—Administration of Justice	3,11,060	...	...	3,11,060	2,82,000	...	1
XVIII.—Jails and Convict Settlements	4,36,490	...	...	4,36,490	4,81,000	...	2
XIX.—Police	4,59,020	1,200	11	4,60,231	4,93,000	3,000	3
XX.—Ports and Pilotage	23,34,486	...	...	23,34,486	22,58,000	...	4
XX(1).—Light houses and Light ships	13,50,949	...	...	13,50,949	13,09,000	...	5
XXI.—Education	2,14,464	1,022	11	2,15,497	2,14,000	...	6
XXII.—Medical	3,36,879	6,136	65	3,37,080	3,62,000	1,000	7
XXIII.—Public Health	3,73,999	...	...	3,73,999	4,58,000	...	8
XXIV.—Agriculture	22,57,978	...	...	22,57,978	17,30,000	...	9
XXV.—Industries	36,052	...	...	36,052	30,000	...	10
XXVI.—Miscellaneous Departments	19,35,594	16,254	167	19,51,982	18,00,000	8,000	11
XXVI-A.—Indian Stores Department	15,93,732	...	...	15,93,732	2,70,000	...	13
Total	1,16,54,690	24,582	254	1,16,59,526	96,87,000	12,000	13
Currency and Mint—							
XXVII.—Currency	2,20,48,750	26,89,331	23,436	2,47,61,517	1,19,59,000	1,56,000	14
XXVIII.—Mint	26,07,283	5	...	26,07,288	4,81,000	...	15
Total	2,46,56,033	26,89,336	23,436	2,73,68,805	1,24,40,000	1,56,000	16
Civil Works—							
XXX.—Civil Works	22,66,757	—1,287	—14	22,65,456	28,91,000	—1,000	17
Miscellaneous—							
XXXIII.—Receipts in aid of Superannuation	16,24,412	4,48,710	3,690	20,76,812	12,92,000	2,47,000	18
XXXIV.—Stationery and Printing	39,26,890	33,082	291	39,61,263	39,53,000	19,000	19
XXXV.—Miscellaneous	23,57,554	11,56,209	10,584	35,24,338	15,08,000	15,22,000	20
Total	79,08,856	16,38,002	14,565	95,62,413	67,53,000	17,88,000	21
Military Receipts—							
XXXVI.—Army—							
Effective	1,96,13,763	34,36,121	28,009	2,30,78,493	1,70,51,000	32,47,000	22
Non-effective	28,26,682	66,81,094	56,954	95,64,730	19,26,000	81,69,000	23
	2,24,40,445	1,01,17,215	85,563	3,26,43,223	1,89,77,000	1,14,16,000	24
XXXVII.—Marine	14,73,235	9,705	79	14,83,019	21,85,000	40,000	25
XXXVIII.—Military Engineer Services	56,82,501	...	...	56,82,501	34,70,000	1,000	26
XXXVIII-A—Transfers from Military Reserve Fund	...	...	...	...	...	...	27
Total	2,95,96,181	1,01,26,920	85,643	3,98,08,743	2,46,32,000	1,14,57,000	28
Provincial Contributions and miscellaneous adjustments between Central and Provincial Governments—							
XXXIX-A.—Miscellaneous adjustments between the Central and Provincial Governments	3,011	...	...	3,011	...	...	29
Extraordinary items—							
XL.—Extraordinary Receipts	1,55,00,000	33,65,359	29,081	1,88,94,440	50,90,000	47,36,000	30
XL-A.—Transfers from Revenue Reserve Fund	...	...	...	...	...	...	31
Total	1,55,00,000	33,65,359	29,081	1,88,94,440	50,90,000	47,36,000	32
Railway Revenues as per Railway Budget	37,16,65,518	—30,813	7,943	37,16,42,648	39,61,97,000	—42,73,000	33
TOTAL REVENUE	1,27,39,79,753	5,24,67,457	4,07,892	1,32,68,55,102	1,19,70,96,000	3,69,01,000	34

*Sterling converted into Rupees at £1 = Rs. 13⅓.

Government, in India and in England—*contd.*

Item No.	1930-31. Exchange.	1930-31. Total.	Increase (+) Decrease (−) as compared with Budget, 1930-31.	Budget Estimate, 1931-32. India.	Budget Estimate, 1931-32. England.	Budget Estimate, 1931-32. Exchange.	Budget Estimate, 1931-32. Total.	Increase (+) Decrease (−) as compared with Revised, 1930-31.
	Rs. 2,84,000	Rs. 76,27,16,000	Rs. −12,25,00,000	Rs. 86,01,14,000	Rs. 1,57,94,000	Rs. ...	Rs. 87,89,08,000	Rs. +11,61,92,000
1	...	2,82,000	−31,000	2,84,000	...	...	2,84,000	+3,000
2	...	4,81,000	+78,000	4,84,000	...	...	4,84,000	+3,000
3	...	4,96,000	+16,000	6,56,000	...	...	6,56,000	+1,60,000
4	...	22,58,000	−1,84,000	22,86,000	...	...	22,86,000	+28,000
5	...	13,09,000	+24,000	12,98,000	...	...	12,98,000	−11,000
6	...	2,14,000	+9,000	2,09,000	...	...	2,09,000	−5,000
7	...	3,63,000	−2,32,000	5,49,000	...	...	5,49,000	+1,86,000
8	...	4,52,000	+79,000	4,06,000	...	...	4,06,000	−52,000
9	...	17,20,000	−6,78,000	17,77,000	...	...	17,77,000	+57,000
10	...	30,000	+1,000	20,000	...	...	20,000	−10,000
11	...	18,08,000	+2,42,000	19,98,000	9,000	...	20,07,000	+1,99,000
12	...	2,70,000	−2,09,000	3,69,000	...	...	3,69,000	+99,000
13	...	96,99,000	−9,45,000	1,03,36,000	9,000	...	1,03,45,000	+6,46,000
14	2,000	1,31,17,000	−1,31,50,000	58,78,000	...	...	58,78,000	−62,39,000
15	...	4,81,000	−31,67,000	4,56,000	...	...	4,56,000	−25,000
16	2,000	1,25,98,000	−1,63,17,000	63,34,000	...	...	63,34,000	−62,64,000
17	...	26,00,000	+1,83,000	24,85,000	...	...	24,85,000	−3,15,000
18	3,000	15,42,000	−3,88,000	13,43,000	2,72,000	...	16,15,000	+73,000
19	...	30,73,000	+1,51,000	33,82,000	18,000	...	34,00,000	−5,73,000
20	19,000	30,49,000	+1,89,000	17,31,000	6,43,000	...	23,74,000	−6,75,000
21	22,000	85,63,000	−48,000	64,56,000	9,33,000	...	73,89,000	−11,74,000
22	39,000	2,03,37,000	−87,000	2,17,09,000	34,57,000	...	2,51,59,000	+48,22,000
23	1,01,000	1,01,96,000	+32,69,000	18,68,000	77,04,000	...	95,72,000	−6,24,000
24	1,40,000	3,05,33,000	+31,82,000	2,35,70,000	1,11,61,000	...	3,47,31,000	+41,98,000
25	1,000	22,26,000	+90,000	14,78,000	4,000	...	14,82,000	−7,44,000
26	...	34,71,000	−6,43,000	56,68,000	...	...	56,68,000	+21,97,000
27	...	...	−26,07,000	28,76,000	...	...	28,76,000	+28,76,000
28	1,41,000	5,62,30,000	+22,000	3,35,92,000	1,11,65,000	...	4,47,57,000	+85,27,000
29	...	...	...	...	...	...	...	...
30	58,000	98,84,000	+66,84,000	...	30,44,000	...	30,44,000	−68,40,000
31	...	...	...	...	...	...	...	...
33	58,000	98,84,000	+66,84,000	...	30,44,000	...	30,44,000	−68,40,000
33	−53,000	39,18,71,000	+1,08,71,000	39,98,15,000	−44,13,000	...	39,54,02,000	+35,31,000
34	4,54,000	1,23,43,61,000	−12,20,50,000	1,31,91,32,000	2,95,32,000	...	1,34,86,64,000	+11,43,03,000

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	Accounts, 1929-30. India.	* England.	Exchange.	Total.	Revised India.	Item No.
	Rs.	Rs.	Rs.	Rs.	Rs.	
Direct Demands on the Revenue—						
1.—Customs	96,12,726	1,37,437	1,155	97,51,318	94,58,000	1
2.—Taxes on Income	70,34,804	1,48,879	1,249	71,84,932	74,53,000	2
3.—Salt	1,25,92,533	1,02,948	845	1,26,96,326	1,27,13,000	3
4.—Opium	47,59,479	1,20,898	896	48,81,273	74,06,000	4
5.—Land Revenue	10,89,505	586	2	10,90,093	10,80,000	5
6.—Excise	16,61,095	4,800	39	16,65,934	16,58,000	6
7.—Stamps	59,771	29,552	268	89,592	41,000	7
8.—Forest	32,48,573	2,10,243	1,918	34,60,734	34,57,000	8
9.—Registration	29,030	...	...	29,030	31,000	9
Total	4,00,87,516	7,55,344	6,372	4,08,49,222	4,32,37,000	10
Forest and other Capital outlay charged to Revenue—						
3A.—Capital outlay on Salt Works	1,12,206	...	...	1,12,206	71,000	11
7A.—Capital outlay on Central Stamp Store	...	...	...	...	...	12
8A.—Forest Capital outlay	3,72,858	27,970	164	4,00,992	4,98,000	13
Total	4,85,064	27,970	164	5,13,198	5,69,000	14
Irrigation, etc., Revenue Account—						
14.—Works for which Capital accounts are kept—						
Interest on Debt	12,31,726	...	...	12,31,726	12,68,000	15
15.—Other Revenue Expenditure	15,54,840	53,880	453	16,09,173	21,72,000	16
Total	27,86,566	53,880	453	28,40,899	34,40,000	17
Irrigation, etc., Capital outlay charged to Revenue—						
16.—Construction of Irrigation, etc., Works—Financed from Ordinary Revenues.	1,57,036	...	...	1,57,036	3,21,000	18
Posts and Telegraphs Revenue Account—						
17.—Posts and Telegraphs—						
Interest on Debt—						
Indian Posts and Telegraphs Department	65,77,989	...	...	65,77,989	75,83,000	19
Indo-European Telegraph Department	5,51,978	...	...	5,51,978	6,10,000	20
Total	71,29,967	...	...	71,29,967	81,93,000	21
Posts and Telegraphs Capital outlay charged to Revenue—						
18.—Capital outlay on Posts and Telegraphs—						
Indian Posts and Telegraphs Department	11,66,936	...	...	11,66,936	12,25,000	22
Indo-European Telegraph Department	—33,297	4,667	49	—28,581	1,31,000	23
Total	11,33,639	4,667	49	11,38,355	13,56,000	24
Debt Services—						
19.—Interest on Ordinary Debt	21,28,32,073	18,91,24,057	13,88,655	40,33,44,785	21,47,72,000	25
Deduct—Amount chargeable to—						
Railways	*18,31,63,197*	*10,69,68,236*	*7,94,731*	*29,09,26,164*	*20,25,69,000*	26
Irrigation	*12,31,726*	...	...	*12,31,726*	*12,68,000*	27
Posts and Telegraphs	*72,90,445*	...	...	*72,90,445*	*83,72,000*	28
Other heads	*17,77,092*	...	...	*17,77,092*	*21,81,000*	29
Provincial Loans Fund	*6,19,72,177*	...	...	*6,19,72,177*	*6,51,00,000*	30
Remainder chargeable to Ordinary Debt	—4,26,03,564	8,21,55,821	5,93,924	4,01,47,181	—6,47,18,000	31
30.—Interest on other Obligations	6,80,93,017	3,40,654	3,575	6,83,47,246	8,67,16,000	32
31.—Reduction or Avoidance of Debt	5,73,73,000	...	...	5,73,73,000	6,14,56,000	33
Total	8,27,73,453	8,24,96,475	5,97,499	16,58,67,427	8,34,54,000	34
Carried over	13,45,53,241	8,33,28,336	6,04,537	21,84,96,114	14,05,70,000	

* Sterling converted into Rupees at £1 = Rs. 13⅓.

of the Central Government, in India and in England.

Item No.	Estimate, 1930-31.			Increase (+) Decrease (—) as compared with Budget, 1930-31.	Budget Estimate, 1931-32.				Increase (+) Decrease (—) as compared with Revised, 1930-31.
	* England.	Exchange.	Total.		India.	* England.	Exchange.	Total.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	1,71,000	2,000	96,31,000	—1 83,000	96,40,000	1,66,000	...	98,06,000	+1,75,000
2	97,000	1,000	75,51,000	—38,000	75,87,000	1,39,000	...	77,26,000	+1,75,000
3	1,05,000	1,000	1,28,19,000	—3,48,000	1,23,10,000	1,03,000	...	1,24,13,000	—4,06,000
4	1,17,000	1,000	75,24,000	+10,67,000	72,63,000	1,01,000	...	73,63,000	—1,61,000
5	...	...	10,20,000	—16,000	9,77,000	12,000	...	9,89,000	—31,000
6	26,000	...	16,84,000	—75,000	18,81,000	29,000	...	19,10,000	+2,26,000
7	43,000	1,000	85,000	+20,000	43,000	28,000	...	71,000	—14,000
8	2,09,000	3,000	36,69,000	+29,000	35,25,000	1,99,000	...	37,24,000	+55,000
9	...	...	31,000	+1,000	32,000	...	...	32,000	+1,000
10	7,68,000	9,000	4,49,14,000	+4,57,000	4,32,57,000	7,77,000		4,40,34,000	+20,000
11	...	...	71,000	—1,11,000	1,02,000	...	...	1,02,000	+31,000
12	...	...	...	...	...	...	...	...	...
13	...	...	4,98,000	+47,000	1,14,000	...	...	1,14,000	—3,84,000
14	...	...	5,69,000	—64,000	2,16,000	...	...	2,16,000	—3,53,000
15	...	...	12,68,000	+30,000	12,87,000	...	...	12,87,000	+19,000
16	92,000	1,000	22,65,000	+13,15,000	6,56,000	78,000	...	7,24,000	—15,31,000
17	92,000	1,000	35,33,000	+13,45,000	19,43,000	78,000	...	20,21,000	—15,12,000
18	...	...	3,21,000	—62,000	1,89,000	...	...	1,89,000	—1,32,000
19	...	...	75,83,000	+3,54,000	86,98,000	...	...	86,98,000	+11,15,000
20	...	...	6,10,000	+24,000	...	...	...	...	—6,10,000
21	...	...	81,93,000	+3,78,000	86,98,000	...	...	86,98,000	+5,05,000
22	...	...	12,25,000	—2,65,000	10,50,000	...	...	10,50,000	—1,75,000
23	5,000	...	1,36,000	+1,68,000	—54,99,000	...	...	—54,99,000	—56,35,000
24	5,000	...	13,61,000	—97,000	—44,49,000	...	...	—44,49,000	—58,10,000
25	19,67,04,000	24,20,000	41,38,96,000	+63,67,000	23,35,49,000	21,13,99,000	...	43,49,48,000	+2,10,52,000
26	*10,99,24,000*	*13,52,000*	*31,38,45,000*	—1,34,39,000	*21,12,04,000*	*11,09,24,000*	...	*32,21,28,000*	—83,83,000
27	...	...	*12,68,000*	—30,000	12,87,000	...	...	*12,87,000*	—19,000
28	...	...	*88,72,000*	—3,79,000	*88,77,000*	...	...	*88,77,000*	—5,05,000
29	...	...	*21,81,000*	—1,01,000	*24,42,000*	...	...	*24,42,000*	—2,61,000
30	...	...	*6,51,00,000*	+1,29,000	6,95,00,000	...	...	6,95,00,000	—44,00,000
31	8,67,80,000	10,68,000	2,31,30,000	—74,53,000	—6,97,61,000	10,04,75,000	...	3,07,14,000	+75,84,000
32	9,13,000	11,000	8,76,40,000	+89,000	8,86,97,000	4,92,000	...	8,91,89,000	+15,49,000
33	...	...	6,14,56,000	+14,32,000	6,78,37,000	...	...	6,78,37,000	+63,81,000
34	8,76,93,000	10,79,000	17,22,26,000	—59,32,000	8,67,73,000	10,09,67,000	...	18,77,40,000	+1,55,14,000
35	8,85,58,000	10,89,000	23,02,17,000	—39,75,000	13,66,27,000	10,18,22,000	...	23,84,49,000	+82,32,000

B.—Statement of the Expenditure charged to Revenue

HEADS OF EXPENDITURE.	Accounts, 1929-30.				Revised	Item No.
	India.	England. *	Exchange.	Total.	India.	
	Rs.	Rs.	Rs.	Rs.	Rs.	
Brought forward	13,45,53,241	8,33,38,336	6,04,537	21,84,96,114	14,05,70,000	
Civil Administration—						
22.—General Administration	1,48,28,012	75,87,032	64,258	2,24,79,302	1,55,22,000	1
23.—Audit	9[illegible],39,583	3,21,631	2,695	1,01,63,909	1,00,45,000	2
24.—Administration of Justice	14,18,164	1,07,329	892	15,26,391	14,54,000	3
25.—Jails and Convict Settlements	40,96,4[illegible]0	67,099	588	41,64,147	43,50,000	4
26.—Police	74,4[illegible],91	1,80,590	1,495	76,24,276	84,50,000	5
27.—Ports and Pilotage	22,47,583	2,87,065	2,216	25,37,539	23,01,000	6
27 (1).—Light Houses and Light Ships	13,81,[illegible]81	6,102	51	13,87,834	13,09,000	7
28.—Ecclesiastical	23,33,[illegible]95	8,22,782	6,683	31,62,811	23,42,000	8
29.—Political	1,46,[illegible]1,467	14,98,146	11,550	1,61,[illegible]1,163	1,9[illegible]48,000	9
29-A.—Frontier Watch and Ward	2,68,[illegible]9,121	94,207	801	2,69,34,129	2,76,75,000	10
30.—Scientific Departments	82,37,108	11,12,486	9,038	93,58,632	86,20,000	11
31.—Education	5[illegible],83,440	62,912	477	52,46,829	62,05,000	12
32.—Medical	30,36,5[illegible]8	1,94,554	1,426	33,32,5[illegible]8	30,93,000	13
33.—Public Health	19,56,341	1,43,221	1,189	21,00,751	18,74,000	14
34.—Agriculture	44,62,9[illegible]7	1,41,760	1,177	46,05,874	47,42,000	15
35.—*Industries*	2,37,036	44,399	337	2,81,772	2,39,000	16
36.—Aviation	17,63,593	2,26,240	1,879	19,91,712	18,71,000	17
37.—Miscellaneous Departments	14,40,401	94,832	805	15,45,038	28,43,000	18
37-A.—Indian Stores Department	19,89,[illegible]47	66,497	567	20,56,711	8,84,000	
Total	11,34,[illegible]3,704	1,30,59,434	1,08,360	12,65,9[illegible],338	12,37,66,000	19
Currency and Mint—						
38.—*Currency*	35,23,350	9,12,384	7,426	44,43,160	49,65,000	20
39.—*Mint*	28,58,533	1,17,812	989	29,77,334	48,37,000	21
Total	63,81,883	10,30,196	8,415	74,20,494	98,02,000	22
Civil Works—						
41.—*Civil Works*	2,57,63,176	63,357	507	2,58,27,070	2,67,40,000	23
Miscellaneous—						
43.—Famine—						
A.—Famine Relief	525	358	2	885	25,000	24
44.—Territorial and Political Pensions	30,76,361	1,21,771	960	31,99,092	31,72,000	25
45.—Superannuation Allowances and Pensions	26,88,731	2,37,14,567	1,90,145	2,65,93,443	24,67,000	26
46.—Stationery and Printing	43,03,921	8,19,980	7,777	54,81,678	53,19,000	27
47.—Miscellaneous	69,67,270	18,88,957	14,014	88,70,241	58,84,000	28
Total	1,73,36,808	2,65,95,633	2,12,898	4,41,45,339	1,68,67,000	29
Miscellaneous capital outlay charged to Revenue—						
45-A.—Commuted value of pensions financed from Ordinary Revenue	4,19,659	...	...	4,19,659	50,000	30
Military Services—						
48.—Army—						
Effective	35,88,[illegible]9,421	8,91,84,993	7,41,677	44,87,46,091	34,56,82,000	31
Non-effective	3,54,39,591	4,96,97,621	3,95,340	8,55,31,552	5,61,17,000	32
	39,42,[illegible]9,013	13,88,82,614	11,37,017	53,42,77,643	38,17,99,000	33
49.—Marine	51,72,732	30,64,857	24,563	82,62,152	62,87,000	34
50.—Military Engineer Services	4,64,72,504	4,51,444	3,778	4,69,27,726	4,80,08,000	35
50-A.—Transfers to Military Reserve Fund	13,41,222	...	...	13,41,222	746,49,000	36
Total	44,72,44,470	14,23,98,915	11,65,358	59,08,08,743	44,07,43,000	37
Contributions and miscellaneous Adjustments between Central and Provincial Governments—						
51-A.—Miscellaneous Adjustments between the Central and Provincial Governments.	...	...	...	...	...	38
Extraordinary Items—						
52.—Extraordinary Payments	6,062	...	...	6,062	15,62,000	39
52-I.—Transfers to Revenue Reserve Fund	...	...	...	...	...	40
Total	6,062	...	...	6,062	15,62,000	41
Railway Expenditure as per Railway Budget	18,80,03,810	12,15,37,947	9,11,928	31,04,56,685	20,79,14,000	42
Total Expenditure charged to Revenue	93,31,35,513	38,80,23,848	30,11,843	1,32,41,71,504	96,80,14,000	43

* Sterling converted into Rupees at £1 = Rs. 13⅓.

of the Central Government, in India and in England—*contd.*

Item No.	Estimate, 1930-31.			Increase (+) Decrease (—) as compared with Budget, 1930-31.	Budget Estimate, 1931-32.				Increase (+) Decrease (—) as compared with Revised, 1930-31.
	* England.	Exchange.	Total.		India.	* England.	Exchange.	Total.	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	8,55,58,000	10,89,000	23,02,17,000	—39,75,000	13,66,27,000	10,18,22,000	...	23,84,49,000	+82,32,000
1	58,58,000	72,000	2,14,52,000	+4,97,000	1,54,56,000	55,33,000	...	2,09,89,000	—4,63,000
2	3,41,000	4,000	1,03,90,000	—1,55,000	1,02,46,000	3,68,000	...	1,06,14,000	+2,24,000
3	1,02,000	1,000	15,57,000	+8,000	14,64,000	1,22,000	...	15,86,000	+29,000
4	54,000	1,000	47,05,000	—1,32,000	42,24,000	54,000	...	42,78,000	—4,27,000
5	1,93,000	2,000	86,45,000	+5,62,000	82,78,000	1,91,000	...	84,69,000	—1,76,000
6	3,37,000	4,000	26,42,000	—1,58,000	26,14,000	3,65,000	...	29,79,000	+3,37,000
	...	...	13,09,000	+24,000	12,95,000	...	...	12,98,000	—11,000
7	8,70,000	11,000	32,23,000	—21,000	24,00,000	8,46,000	...	32,46,000	+23,000
8	11,73,000	15,000	2,08,36,000	+24,27,000	1,52,13,000	12,76,000	...	1,64,89,000	—43,47,000
9	79,000	1,000	2,77,55,000	—83,000	2,52,35,000	1,10,000	...	2,53,45,000	—24,10,000
10	11,14,000	14,000	97,48,000	—2,50,000	90,57,000	17,61,000	...	1,02,18,000	+4,70,000
11	92,000	1,000	62,98,000	—7,000	67,01,000	80,000	...	67,81,000	+4,83,000
12	2,66,000	3,000	33,02,000	—35,000	31,76,000	1,78,000	...	33,54,000	+52,000
13	1,21,000	1,000	13,96,000	—50,000	18,79,000	1,42,000	...	20,21,000	+25,000
14	1,17,000	1,000	48,60,000	—2,90,000	36,82,000	1,46,000	...	38,28,000	—10,32,000
15	54,000	1,000	2,94,000	—21,000	2,29,000	41,000	...	2,70,000	—24,000
16	5,42,000	7,000	24,20,000	—7,56,000	24,76,000	10,01,000	...	34,77,000	+10,57,000
17	1,71,000	2,000	30,15,000	+2,33,000	43,16,000	1,42,000	...	44,58,000	+14,43,000
18	1,03,000	1,000	9,88,000	+3,000	8,32,000	1,04,000	...	9,36,000	—52,000
19	1,15,27,000	1,42,000	13,54,35,000	+27,76,000	11,87,76,000	1,18,60,000	...	13,06,36,000	—47,99,000
20	50,000	1,000	50,25,000	—47,000	50,24,000	34,000	...	50,58,000	+33,000
21	1,10,000	1,000	49,48,000	+22,54,000	26,68,000	1,45,000	...	28,13,000	—21,35,000
22	1,60,000	2,000	99,73,000	+22,07,000	76,92,000	1,79,000	...	78,71,000	—21,02,000
23	78,000	1,000	2,68,19,000	—12,87,000	2,39,70,000	1,58,000	...	2,41,28,000	—26,91,000
24	...	...	25,000	+25,000	1,31,000	...	...	1,31,000	+1,06,000
25	1,23,000	1,000	32,96,000	+25,000	31,30,000	1,07,000	...	32,37,000	—59,000
26	2,31,72,000	2,85,000	2,59,24,000	+13,98,000	20,72,000	2,20,81,000	...	2,50,53,000	—8,71,000
27	6,13,000	8,000	59,40,000	+5,38,000	57,17,000	8,52,000	...	65,69,000	+6,29,000
28	23,06,000	28,000	82,18,000	+3,15,000	42,72,000	15,80,000	...	58,52,000	—23,66,000
29	2,62,14,000	3,22,000	4,34,03,000	+23,01,000	1,62,22,000	2,46,20,000	...	4,08,42,000	—25,61,000
30	...	...	50,000	—5,35,000	50,000	...	...	50,000	...
31	8,43,08,000	10,37,000	43,10,27,000	—57,37,000	24,95,39,000	7 [illegible],98,000	...	42,61,37,000	—48,90,000
32	4,90,86,000	6,04,000	8,58,07,000	+3,93,000	3,56,97,000	4 [illegible],85,000	...	8,48,32,000	—11,75,000
33	13,33,94,000	16,41,000	51,68,34,000	—53,44,000	38,52,36,000	12,55,53,000	...	51,07,89,000	—60,65,000
34	28,96,000	36,000	92,19,000	+1,27,000	54,74,000	29,48,000	...	84,22,000	—7,97,000
35	5,14,000	6,000	4,85,28,000	+30,000	4,50,97,000	4,69,000	...	4,55,66,000	—29,62,000
36	...	..	46,49,000	+46,49,000	...	...	...	...	—46,49,000
37	13,68,04,000	16,83,000	57,92,30,000	—4,78,000	43,58,07,000	12,39,56,000	...	56,47,57,000	—1,44,73,000
38	...	...	...	...	...	...	...	...	...
39	...	...	15,62,000	+15,12,000	25,000	...	...	25,000	—15,37,000
40	...	...	...	...	...	...	...	...	...
41	...	...	15,62,000	+15,12,000	25,000	...	...	25,000	—15,37,000
42	12,50,61,000	15,39,000	33,45,14,000	+1,08,71,000	21,62,18,000	12,55,82,000	...	34,18,00,000	+72,86,000
43	38,84,11,000	47,78,000	1,36,12,03,000	+1,33,92,000	95,53,87,000	29,31,71,000	...	1,24,85,58,000	—1,26,45,000

C.—Statement of Receipts and Disbursements of the

	Accounts, 1929-30.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Revenue (from Statement A)	1,27,39,79,753	5,24,67,457	1,32,64,47,210
Exchange added to Revenue	4,07,892	...	4,07,892
Total	1,27,43,87,645	5,24,67,457	1,32,68,55,102
Railway Capital not charged to Revenue—			
As per Railway Budget	2,43,676	...	2,43,676
Public Debt Incurred—			
Permanent Debt—			
Sterling Debt—			
New Sterling Loan	...	...	
6 per cent. Bonds	...	7,92,00,000	
5½ per cent. Stock 1936-38	...	...	
Other 5½ per cent. Stock	...	17,89,081	
4½ per cent. Stock	...	18,20,846	
Rupee Debt—			
New Rupee Loan	...	...	
6 per cent. Bonds, 1933-36	...	...	
5 per cent. Bonds, 1935	8,10,49,100	...	
Do. Loan 1939-44	29,14,23,000	...	
3½ per cent. Loans	4,51,100	...	
Total	37,29,23,200	8,28,10,827	45,57,34,027
Floating Debt—			
Treasury Bills—			
Issued to Public	64,73,75,000	...	
Issued to Paper Currency Reserve	56,48,00,000	...	
India Bills	...	16,00,00,000	
Temporary Loans	12,00,00,000	...	
Total	1,33,21,75,000	16,00,00,000	1,49,21,75,000
Carried over	2,97,97,29,521	29,52,78,284	

* Sterling converted into Rupees at £1 = Rs. 13⅓.

Central Government, in India and in England—*contd.*

Revised Estimate, 1930-31.			Budget Estimate, 1931-32.		
India.	England.	Total.	India.	England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,19,70,06,000	3,69,01,000	1,23,39,07,000	1,31,91,32,000	2,95,32,000	1,34,86,64,000
4,54,000	...	4,54,000	...	...	...
1,19,74,60,000	3,69,01,000	1,23,43,61,000	1,31,91,32,000	2,95,32,000	1,34,86,64,000
...	...	...	...	...	...
...	...		...	19,64,10,000	
...	25,27,83,000		...	6,61,000	
...	10,40,00,000		...	5,17,74,000	
...	19,04,000		...	20,24,000	
...	19,21,000		...	20,24,000	
...	...		15,00,00,000	...	
29,70,81,000	...		...	...	
...	...		...	...	
...	...		...	...	
8,57,000	...		6,00,000	...	
29,79,38,000	36,06,08,000	65,85,46,000	15,06,00,000	25,28,96,000	40,34,96,000
1,48,67,50,000	...		1,08,50,00,000	...	
19,06,88,000	...		5,65,15,000	...	
...	...		...	...	
8,00,00,000	8,06,26,000		...	...	
1,75,74,38,000	8,06,26,000	1,83,80,64,000	1,14,15,15,000	...	1,14,15,15,000
3,25,28,36,000	47,81,35,000		2,61,12,47,000	28,24,28,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1929-30.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Brought forward .	2,97,97,29,521	29,52,78,284	
Unfunded Debt—			
Deposits of Service Funds . . .	9,51,631	20,06,598	
Post Office Cash Certificates . . .	7,16,00,711	...	
Savings Bank Deposits	37,42,94,272	5,67,55,085	
Total .	44,68,46,614	5,87,61,683	50,56,08,297
Deposits and Advances—			
Provincial Loans Fund	31,02,91,655	...	
Posts and Telegraphs Depreciation Fund .	42,45,496	...	
Deposits of Local Funds—			
District Funds	17,10,33,727	...	
Other Funds	10,44,79,090	...	
Sinking Funds for Central Loans . .	1,60,15,029	...	
Other appropriations for Reduction or Avoidance of Debt	4,37,09,000	...	
Sinking Fund Investment Account . .	16,16,829	...	
Sinking Funds for loans granted to local bodies	4,11,516	...	
Gold Standard Reserve	...	90,58,22,524	
Gold Standard Reserve Revenue Equalisation Fund	...	59,02,788	
Paper Currency Reserve . . .	...	40,89,64,918	
Deposits of Branch Line Companies . .	3,73,725	...	
Road Development Fund	1,07,26,759	...	
Post Office Cash Certificate Bonus Fund .	...	...	
Departmental and Judicial Deposits .	87,28,30,303	...	
Advances	30,04,37,304	1,74,526	
Discount Sinking Fund	29,27,000	...	
Suspense	2,38,56,749	—14,91,845	
Exchange on Remittance Accounts . .	31,06,375	...	
Miscellaneous	32,66,826	1,51,20,138	
Military Reserve Fund	13,41,222	...	
Total .	1,87,07,28,605	1,33,44,93,049	3,20,52,21,654
Railway Depreciation and Reserve Funds as per Railway Budget . . .	12,59,42,103	...	12,59,42,103
Carried over .	5,42,32,46,843	1,68,85,33,016	

* Sterling converted into Rupees at $1 = Rs. 13\frac{1}{4}$.

Central Government, in India and in England—*contd.*

Revised Estimate, 1930-31.			Budget Estimate, 1931-32.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,25,28,36,000	47,81,35,000		2,61,12,47,000	28,24,28,000	
9,31,000	16,12,000		9,31,000	15,12,000	
11,76,00,000	...		11,50,00,000	...	
36,38,31,000	...		37,47,54,000	...	
48,23,62,000	16,12,000	48,39,74,000	49,06,85,000	15,12,000	49,21,97,000
18,11,00,000	...		16,17,00,000	...	
43,66,000	...		24,87,000	...	
17,34,80,000	...		17,57,26,000	...	
10,64,83,000	...		10,31,58,000	...	
2,00,90,000	...		1,96,34,000	...	
4,34,81,000	...		4,99,30,000	...	
97,90,000	...		1,00,00,000	...	
4,28,000	...		4,45,000	...	
...	96,54,00,000		...	81,36,00,000	
...	2,94,68,000		...	3,44,68,000	
...	6,66,16,000		...	...	
3,50,000	...		4,75,000	...	
98,00,000	...		1,01,00,000	...	
44,20,000	...		10,00,000	...	
84,09,80,000	...		84,54,16,000	...	
39,52,19,000	6,38,000		28,01,25,000	1,19,000	
46,06,000	...		48,41,000	...	
3,37,65,000	14,74,000		1,69,09,000	7,51,000	
57,48,000	...		...	...	
1,39,03,000	1,77,88,000		77,80,000	1,58,88,000	
46,49,000	...		...	...	
1,85,26,58,000	1,08,13,84,000	2,93,40,42,000	1,68,97,26,000	86,48,26,000	2,55,45,52,000
13,05,00,000	...	13,05,00,000	13,43,00,000	...	13,43,00,000
5,71,83,56,000	1,56,11,31,000		4,92,59,58,000	1,14,87,66,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1929-30.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Brought forward .	5,42,32,46,843	1,68,85,33,016	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund .	7,00,98,071	...	
Other Loans and Advances . .	80,27,526	...	
Total	7,81,25,597	...	7,81,25,597
Remittances—			
Remittances within India—			
Inland Money Orders	98,70,69,750	...	
Other Local Remittances . . .	...	...	
Other Departmental Accounts . .	...	...	
Net Receipts by Civil Treasuries from—			
Railways	2,25,26,280	...	
Posts and Telegraphs . . .	55,08,474	...	
Net Receipts from Civil Treasuries by—			
Posts and Telegraphs	...	...	
Army, Marine and Military Engineer Services	38,02,34,050	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	...	79,50,000	
Sale of Sterling	...	...	
Sale of Silver	...	5,20,76,781	
Other transactions	2,25,13,497	3,99,96,828	
Remittances from India for financing Home Treasury	...	20,28,66,667	
Transfers through the Gold Standard Reserve	...	...	
Transfers through the Paper Currency Reserve	5,22,70,003	15,76,62,266	
Total .	1,47,01,22,054	46,05,52,542	1,93,06,74,596
Balances of Provincial Governments	...	...	...
Total Receipts	6,97,14,94,494	2,14,90,85,558	
Opening Balance . . .	9,20,46,097	(a) 6,99,36,668	
GRAND TOTAL .	7,06,35,40,591	2,21,90,22,226	

* Sterling converted into Rupees at £1 = Rs. 13⅓.

(a) Of this amount, £ 3,042 represents the funds of the Gold Standard Reserve.

Central Government, in India and in England—*contd.*

Revised Estimate, 1930-31.			Budget Estimate, 1931-32.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
5,71,88,56,000	1,56,11,31,000		4,92,59,58,000	1,14,87,66,000	
...	...		...	...	
90,56,000	...		86,70,000	...	
90,56,000	...	90,56,000	86,70,000	...	86,70,000
94,78,00,000	...		98,75,00,000	...	
22,93,000	...		23,02,000	...	
3,16,76,000	...		3,17,33,000	...	
1,09,66,000	...		9,31,32,000	...	
...	...		...	...	
...	...		...	...	
3,71,12,000	...		1,59,80,000	...	
37,60,82,000	...		37,25,72,000	...	
...	79,00,000		...	75,00,000	
8,00,00,000	..		...	...	
...	3,31,04,000		...	...	
1,80,25,000	2,85,16,000		1,57,67,000	2,59,87,000	
...	7,19,33,000		...	44,40,00,000	
1,14,00,000	10,17,80,000		...	...	
2,18,96,000	2,34,20,000		...	...	
1,53,72,50,000	26,66,53,000	1,80,39,03,000	1,51,89,86,000	47,74,87,000	1,99,64,73,000
...	...	...	1,39,30,000	...	1,39,30,000
7,26,46,62,000	1,82,77,84,000		6,46,75,44,000	1,62,62,53,000	
25,76,33,677	(b) 8,51,57,683		12,74,69,677	(b) 6,46,96,683	
7,52,22,95,677	1,91,29,41,683		6,59,50,13,677	1,69,09,49,683	

* Sterling convered in Rupees at £1=Rs. 13⅓.

(b) Of this amount, £3,748 represents the funds of the Gold Standard Reserve.

C.—Statement of Receipts and Disbursements of the

	Accounts, 1929-30.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Expenditure (from Statement B)	93,31,35,813	38,80,23,848	1,32,11,59,661
Exchange charged as Expenditure	30,11,843	...	30,11,843
Total	93,61,47,656	38,80,23,848	1,32,41,71,504
Irrigation, Posts and Telegraphs and other Capital Outlay not charged to Revenue—			
Security Printing Press	22,754	...	22,754
Irrigation, etc., Works	2,99,477	...	2,99,477
Posts and Telegraphs	26,15,974	6,91,365	33,07,339
Vizagapatam Port	31,17,839	4,57,179	35,75,018
Light-houses and Lightships	—3,20,563	3,33,384	12,821
Currency	29,992	38,640	68,632
Initial Expenditure on New Capital at Delhi	67,68,042	5,04,197	72,72,239
Payments of Commuted value of Pensions	38,08,683	...	38,08,683
Bombay Land Scheme	...	...	...
Total	1,63,42,198	20,24,765	1,83,66,963
Railway Capital not charged to Revenue—			
As per Railway Budget	13,23,30,470	16,95,03,205	30,18,33,675
Public Debt Discharged—			
Permanent Debt—			
Sterling Debt—			
7 p. c. Stock	...	4,080	
5½ p. c. Stock	...	...	
State Railway annuities	...	1,98,94,808	
Do. Do. Sinking Funds	...	26,66,667	
Rupee Debt—			
6 p. c. Bonds, 1930	13,51,06,200	...	
Do. Do. 1931	3,94,62,000	...	
Do. Do. 1932	4,85,60,200	...	
Other 6 p. c. Bonds	4,78,500	...	
5½ p. c. War Bonds, 1928	15,49,725	...	
Other 5½ p. c. War Bonds	1,81,825	...	
5 p. c. Loan, 1945-55	28,00,000	...	
5 p. c. Loan, 1929-47	5,37,000	...	
5 p. c. Loan, 1939-44	...	...	
4 p. c. Terminable Loan	8,600	...	
Other Loans	5,27,138	...	
Total	22,92,11,188	2,25,65,555	25,17,76,743
Carried over	1,31,40,31,512	58,21,17,373	

*Sterling converted into Rupees at £1 = Rs. 13½.

Central Government, in India and in England—*contd.*

Revised Estimate, 1930-31.			Budget Estimate, 1931-32.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
96,80,14,000	38,84,11,000	1,35,64,25,000	95,53,87,000	39,31,71,000	1,34,85,58,000
47,78,000	...	47,78,000	...	...	...
97,27,92,000	38,84,11,000	1,36,12,03,000	95,53,87,000	39,31,71,000	1,34,85,58,000
4,43,000	...	4,43,000	—3,94,000	...	—3,94,000
46,000	...	46,000	67,000	...	67,000
59,10,000	—55,74,000	3,36,000	83,46,000	7,84,000	91,30,000
36,92,000	1,83,000	38,75,000	42,03,000	1,15,000	43,18,000
—1,08,000	1,08,000	...	—3,000	3,000	...
1,58,000	...	1,58,000	5,000	...	5,000
49,41,000	3,49,000	52,90,000	23,50,000	1,22,000	24,72,000
39,51,000	...	39,51,000	37,38,000	...	37,38,000
2,12,29,000	...	2,12,29,000	...	...	...
4,02,62,000	—49,34,000	3,53,28,000	1,83,12,000	10,24,000	1,93,36,000
8,78,00,000	5,72,00,000	14,50,00,000	8,20,00,000	3,25,00,000	11,45,00,000
...	2,000		...	...	
...	...		...	19,64,10,000	
...	2,05,85,000		...	2,18,00,000	
...	26,67,000		...	26,67,000	
15,50,00,000	...		20,00,000	...	
...	...		7,00,00,000	...	
...	...		...	...	
2,70,000	...		1,50,000	...	
3,50,000	...		3,00,000	...	
1,45,000	...		1,25,000	...	
8,94,000	...		...	...	
83,20,000	...		31,80,000	...	
45,46,000	...		45,00,000	...	
2,000	...		2,000	...	
10,00,000	...		7,00,000	...	
17,05,27,000	2,32,54,000	19,37,81,000	8,09,57,000	22,03,77,000	30,13,34,000
1,27,13,81,000	46,39,31,000		1,13,66,56,000	64,70,72,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1929-30.		
	India.	England.	Total.
	Rs.	Rs.	Rs.
Brought forward	1,31,40,31,512	58,21,17,373	
Floating Debt—			
Treasury Bills—			
Issued to Public	32,69,50,000	...	
Do. Paper Currency Reserve	66,41,60,000	...	
India Bills	...	8,00,00,000	
Temporary Loans	12,00,00,000	...	
Total	1,11,11,10,000	8,00,00,000	1,19,11,10,000
Unfunded Debt—			
Special Loans	39,600	...	
Deposits of Service Funds	14,19,212	56,539	
Post Office Cash Certificates	4,45,76,963	...	
Savings Bank Deposits	29,84,26,845	3,06,66,667	
Total	34,44,62,620	3,07,23,206	37,51,85,826
Deposits and Advances—			
Provincial Loans Fund	31,01,84,319	...	
Posts and Telegraphs Depreciation Fund	2,66,914	...	
Deposits of Local Funds—			
District Funds	17,13,01,644	...	
Other Funds	10,45,12,476	...	
Sinking Funds for Central Loans	33,34,849	...	
Sinking Fund Investment Account	42,819	...	
Gold Standard Reserve	...	90,58,13,106	
Gold Standard Reserve Revenue Equalisation Fund	...	58,47,263	
Paper Currency Reserve	...	40,89,64,918	
Deposits of Branch Line Companies	2,36,691	...	
Road Development Fund	...	...	
Departmental and Judicial Deposits	89,29,11,473	...	
Advances	31,16,09,941	1,44,072	
Discount Sinking Fund	1,77,59,207	...	
Gain or loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve	6,18,79,286	...	
Suspense	51,46,033	7,46,127	
Miscellaneous	31,565	1,52,04,306	
Military Reserve Fund	...	...	
Total	1,87,91,67,217	1,33,67,19,792	3,21,58,87,009
Railway Depreciation and Reserve Funds as per Railway Budget	13,84,40,020	...	13,84,40,020
Carried over	4,78,72,11,369	2,02,95,60,371	

* Sterling converted into Rupees at £1=Rs. 13⅓.

Central Government, in India and in England—*contd.*

Revised Estimate, 1930-31.			Budget Estimate, 1931-32.		
India.	England.	Total.	India.	England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1,27,13,81,000	46,39,31,000		1,13,66,56,000	64,70,72,000	
1,39,71,25,000	...		1,08,50,00,000	...	
42,63,43,000	...		5,65,15,000	...	
...	8,00,00,000		...	...	
8,00,00,000	2,66,66,000		...	5,39,60,000	
1,90,34,68,000	10,66,66,000	2,01,01,34,000	1,14,15,15,000	5,39,60,000	1,19,54,75,000
44,000	...		44,000	...	
14,26,000	63,000		14,27,000	78,000	
8,56,00,000	...		7,50,00,000	...	
32,14,85,000	2,60,89,000		31,86,76,000	...	
40,85,55,000	2,61,52,000	43,47,07,000	39,51,47,000	78,000	39,52,25,000
18,11,00,000	...		16,16,00,000	...	
1,51,000	...		1,14,000	...	
17,71,46,000	...		17,89,93,000	...	
10,46,83,000	...		10,73,73,000	...	
1,35,67 000	...		79,03,000	...	
...	...		...	...	
...	96,54,00,000		...	81,86,00,000	
...	2,94,68,000		...	3,44,68,000	
...	6,66,16,000		...	...	
2,25,000	...		4,25,000	...	
1,32,00,000	...		1,08,00,000	...	
85,43,84,000	...		84,46,08,000	...	
39,40,07,000	6,38,000		28,19,38,000	1,19,000	
...	...		...	...	
5,24,33,000	...		...	...	
4,69,96,000	15,33,000		1,71,14,000	7,30,000	
...	1,32,28,000		..	1,74,48,000	
...	...		28,76,000	...	
1,83,78,92,000	1,07,98,83,000	2,91,77,75,000	1,61,37,44,000	86,63,65,000	2,48,01,09,000
19,85,99,000	...	19,85,99,000	12,38,67,000	...	12,38,67,000
5,61,98,95,000	1,67,66,32,000		4,41,69,29,000	1,56,74,75,000	

C.—Statement of Receipts and Disbursements of the

	Accounts, 1929-30.		
	India.	* England.	Total.
	Rs.	Rs.	Rs.
Brought forward .	4,78,72,11,369	2,02,95,60,371	
Loans and Advances by the Central Government—			
Advances to Provincial Loans Fund .	12,05,25,000	...	
Other Loans and Advances . . .	2,96,12,013	...	
Total .	15,01,37,013	...	15,01,37,013
Remittances—			
Remittances within India—			
Inland Money Orders	98,80,88,406	...	
Other Local Remittances . . .	9,50,043	...	
Other Departmental Accounts .	5,46,247	...	
Net Payments into Civil Treasuries by—			
Railways	2,27,09,489	...	
Posts and Telegraphs	55,40,145	...	
Net Issues from Civil Treasuries to—			
Posts and Telegraphs	...	...	
Army, Marine and Military Engineer Services	38,25,14,100	...	
Remittances between England and India—			
Remittance Account—			
Iraq drawings	78,50,000	...	
Sale of Sterling	...	...	
Sale of Silver	5,20,76,781	...	
Other transactions	4,60,54,052	1,66,58,809	
Remittances from India for financing Home Treasury	20,28,66,667	...	
Transfers through the Gold Standard Reserve	...	...	
Transfers through the Paper Currency Reserve	15,76,62,266	5,22,70,003	
Total .	1,86,68,58,196	6,89,28,812	1,93,57,87,008
Balances of Provincial Governments	17,00,336	3,53,75,360	3,70,75,696
Total Disbursements .	6,80,59,06,914	2,13,38,64,543 (b)	
Closing Balance .	25,76,33,677	8,51,57,683	
GRAND TOTAL .	7,06,35,40,591	2,21,90,22,226	

*Sterling converted into Rupees at £1 = Rs. 13⅓.

(b) Of this amount, £3,748 represents the

Central Government, in India and in England—*concld.*

Revised Estimate, 1930-31.			Budget Estimate, 1931-32.		
India.	* England.	Total.	India.	* England.	Total.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
5,61,98,95,000	1,67,66,32,000		4,41,09,29,000	1,56,74,75,000	
6,49,00,000	...		6,29,00,000	...	
2,85,51,000	...		2,07,41,000	...	
9,34,51,000	...	9,34,51,000	8,36,41,000	...	8,36,41,000
94,70,00,000	...		98,70,00,000	...	
1,17,41,000	...		1,17,36,000	...	
2,21,18,000	...		2,21,02,000	...	
1,09,66,000	...		9,31,32,000	...	
...	...		...	...	
3,71,12,000	...		1,59,80,000	...	
37,60,82,000	...		37,25,72,000	...	
79,00,000	...		75,00,000	...	
...	8,00,00,000		...	...	
3,31,04,000	...		...	...	
2,85,16,000	1,80,25,000		2,59,87,000	1,57,67,000	
7,19,33,000	...		44,40,00,000	...	
10,17,80,000	1,14,00,000		...	...	
2,34,20,000	2,18,96,000		...	...	
1,67,16,72,000	13,13,21,000	1,80,29,93,000	1,98,00,59,000	1,57,67,000	1,99,58,26,000
98,08,000	4,02,92,000	5,01,00,000	...	4,60,30,000	4,60,30,000
7,39,48,26,000	1,84,82,45,000 (b)		6,47,46,29,000	1,62,92,72,000 (b)	
12,74,69,677	6,46,96,683		12,03,84,677	6,16,77,683	
7,52,22,95,677	1,91,29,41,683		6,59,50,13,677	1,69,09,49,683	

*Funds of the Gold Standard Reserve.

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England.

Revenue and Expenditure.	Accounts, 1929-30.		Revised Estimate, 1930-31.		Budget Estimate, 1931-32.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Principal Heads of Revenue—						
Customs	50,30,14,911	...	45,05,62,000	...	55,47,91,000	...
Taxes on Income	15,98,75,889	...	15,04,32,000	...	16,67,28,000	...
Salt	5,49,50,028	...	5,56,81,000	...	5,80,87,000	...
Opium	2,55,28,515	...	1,87,36,000	...	1,41,95,000	...
Other Heads	1,62,24,794	...	1,55,74,000	...	1,54,20,000	...
TOTAL	75,95,94,137	...	69,09,85,000	...	80,92,21,000	...
Forest and other Capital Outlay charged to Revenue	...	5,13,198	...	5,69,000	...	2,16,000
Irrigation	...	20,01,734	...	29,59,000	...	8,35,000
Railways	6,11,85,963	...	5,73,57,000	...	5,36,02,000	...
Posts and Telegraphs	...	81,18,421	...	1,59,39,000	...	91,70,000
Debt Services	...	12,13,06,888	...	13,90,19,000	...	15,85,41,000
Civil Administration	...	11,49,31,812	...	12,57,36,000	...	12,02,91,000
Currency and Mint	1,99,48,311	...	26,25,000	...	...	15,37,000
Civil Works	...	2,35,61,614	...	2,40,19,000	...	2,16,43,000
Miscellaneous	...	3,50,02,585	...	3,48,90,000	...	3,35,03,000
Military Services	...	55,10,00,000	...	54,30,00,000	...	52,00,00,000
Provincial Contributions and Miscellaneous Adjustments between Central and Provincial Governments.	3,011	...	...	...	...	...
Extraordinary Items	1,88,88,378	...	83,22,000	...	30,19,000	...
TOTAL	85,96,19,800	85,69,36,202	75,92,89,000	88,61,31,000	86,58,42,000	86,57,36,000

D.—Abstract Statement of the Receipts and Disbursements of the Central Government, in India and in England—*concld.*

Revenue and Expenditure.	Accounts, 1929-30.		Revised Estimate, 1930-31.		Budget Estimate, 1931-32.	
	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Surplus or deficit	26,83,598	...	...	12,68,42,000	1,06,000	...
Capital Account—						
Capital outlay on Security Printing Press	...	22,754	...	4,43,000	...	3,94,000
Railway Capital not charged to Revenue	2,43,676	30,18,33,675	...	14,50,00,000	...	11,45,00,000
Construction of Irrigation Work	...	2,99,477	...	46,000	...	67,000
Capital outlay on Posts and Telegraphs	...	33,07,339	...	3,36,000	...	91,30,000
Capital outlay on Vizagapatam Port	...	35,75,018	...	38,75,000	...	43,18,000
Capital outlay on Light-houses and Light-ships	...	12,821	...	...	...	...
Currency Capital outlay	...	68,632	...	1,58,000	...	5,000
Initial expenditure on New Capital at Delhi	...	72,72,239	...	52,90,000	...	24,72,000
Payment of commuted value of pensions	...	38,08,683	...	39,51,000	...	37,38,000
Capital outlay on Bombay Land Scheme	...	...	...	2,12,29,000	...	...
Debt, Deposits, Advances and Remittances—						
Permanent Debt	20,39,57,284	...	46,47,65,000	...	10,21,62,000	...
Floating Debt	30,10,65,000	...	...	17,20,70,000	...	5,39,60,000
Unfunded Debt	13,04,22,471	...	4,92,67,000	...	9,69,72,000	...
Deposits and Advances	...	2,31,63,272	...	5,18,32,000	8,48,76,000	...
Loans and Advances by Central Government	...	7,20,11,416	...	8,43,95,000	...	7,49,71,000
Remittances	...	51,12,412	9,10,000	...	6,47,000	...
Balances of Provincial Governments	...	3,70,75,696	...	5,01,00,000	...	3,21,00,000
Opening Balance	16,19,82,705	...	34,27,91,360	...	19,21,66,360	...
Closing Balance	...	34,27,91,360	...	19,21,66,360	...	18,20,62,360
TOTAL	80,03,54,794	80,03,54,794	85,77,33,360	85,77,33,360	47,69,29,360	47,69,29,360

Explanatory Memorandum

by the

Financial Secretary.

(Unless otherwise stated, the amounts in the tables are in lakhs of rupees; the comparisons are with the budget estimate for 1930-31; and the expressions "last year", "current year", and "next year" stand for the financial years 1929-30, 1930-31, and 1931-32 respectively.)

The following table compares the total recorded revenue and expenditure of the Government of India in the year 1929-30 with the budget and revised estimates for the year :—

	Budget.	Revised.	Accounts.
Revenue	1,34,06·33	1,32,84·08	1,32,68·55
Expenditure	1,34,06·33	1,32,49·08	1,32,41·71
Surplus +, Deficit — . . .	..	+35·00	+26·84

Both in the net result and under individual heads, the revised estimate was very near the mark, and there are no large variations requiring explanation.

2. The following statement compares the actual revenue and expenditure of the Central Government with the revised estimates from 1921-22 onwards. The figures are exclusive of transfers from and to the Revenue Reserve Fund which have been brought together in paragraph 3.

Year.	Revised estimate.			Actuals.			Actual outturn better +, worse—, than revised estimate.
	Revenue.	Expenditure.	Surplus (+) Deficit (—).	Revenue.	Expenditure.	Surplus (+) Deficit (—).	
1921-22 . . .	1,13,15·32	1,41,94·52	—28,79·20	1,15,21·50	1,42,86·52	—27,65·02	+1,14·18
1922-23 . . .	1,20,70·17	1,37,95·52	—17,25·35	1,21,41·29	1,36,43·05	—15,01·76	+2,23·59
1923-24 . . .	1,31,96·04	1,29,89·97	+2,06·07	1,33,16·63	1,30,77·63	+2,39·00	+32·93
1924-25 . . .	1,34,82·26	1,30,82·68	+3,99·58	1,38,03·92	1,32,35·66	+5,68·26	+1,68·68
1925-26 . . .	1,31,35·25	1,30,04·87	+1,30·38	1,33,32·98	1,30,01·80	+3,31·18	+2,00·80
1926-27 . . .	1,29,97·48	1,27,15·44	+2,82·04	1,31,70·00	1,28,74·37	+2,95·63	+13·59
1927-28 . . .	1,26,05·25	1,27,73·98	—1,68·73	1,25,04·80	1,27,26·28	—2,21·48	—52·75
1928-29 . . .	1,31,19·67	1,30,90·04	+29·63	1,28,23·95	1,29,29·64	—1,05·69	—1,35·32
1929-30 . . .	1,32,84·08	1,32,49·08	+35·00	1,32,68·55	1,32,41·71	+26·84	—8·16

3. The transactions relating to the Revenue Reserve Fund were as follows :—

Year.	Transactions.	Closing balance.
1926-27	+2,95·63	2,95·63
1927-28	—2,21·48	74·15
1928-29	—74·15	..
1929-30	..	..

There is no balance in the Fund at present.

4. The broad results of the estimating for the current year and the next, as detailed in the budget statements, are as follows :—

	Budget, 1930-31.	Revised, 1930-31.	Budget, 1931-32.
Revenue	1,35,64·11	1,23,43·61	1,34,86·64
Expenditure	1,34,78·11	1,36,12·03	1,34,85·58
Surplus	86·00	—12,68·42	+1·06

The above figures, however, take into account the net effect of the changes in taxation referred to in paragraphs 7 and 10, *viz.*, an addition to revenue of 88 lakhs in the revised estimate for 1930-31 and 13,77 lakhs in the budget estimate for 1931-32. But for this, the estimates would have shown deficits of 13,56 lakhs and 13,76 lakhs respectively.

5. Thus, excluding the effect of changes in taxation, the revised estimate for the current year is worse than the budget by 14,42 lakhs ; while the budget estimate for next year is worse than the revised estimate by 20 lakhs and worse than the budget for 1930-31 by as much as 14,62 lakhs. The variations are summarised in the three tables below :—

(i) Revised, 1930-31 compared with Budget, 1930-31.

	Better.	Worse.
Customs	..	9,50
Taxes on Income	..	2,20
Salt	..	20
Opium (net	..	20
Irrigation (net)	..	18
Posts and Telegraphs (net)	..	89
Interest receipts	..	13
Currency and Mint (net)	..	1,85
Extraordinary items (net)	51	..
Interest on Ordinary Debt	75	..
Reduction or Avoidance of Debt	..	15
Civil Administration expenditure	..	27
Military (net)	5	..
Other heads (net)	..	16
Total	1,31	15,73
Net	..	14,42

(ii) *Budget, 1931-32 compared with Revised, 1930-31.*

	Better.	Worse.
Customs	1,50	..
Taxes on Income	..	2,30
Salt	20	..
Opium (net)	..	46
Railways (net)	..	38
Irrigation (net)	22	..
Posts and Telegraphs (net)	68	..
Interest receipts	..	41
Currency and Mint (net)	..	42
Interest on Ordinary Debt	..	76
Interest on other Obligations	..	16
Reduction or Avoidance of Debt	..	63
Civil Administration expenditure	50	..
Civil Works expenditure	27	..
Extraordinary items (net)	..	53
Military (net)	2,30	..
Other heads (net)	18	..
Total	5,85	6,05
Net	..	20

(iii) *Budget, 1931-32 compared with Budget, 1930-31.*

	Better.	Worse.
Customs	..	8,00
Taxes on Income	..	4,50
Opium (net)	..	66
Railways (net)	..	38
Posts and Telegraphs (net)	..	21
Interest receipts	..	54
Currency and Mint (net)	..	2,27
Interest on Ordinary Debt	..	1
Interest on other Obligations	..	16
Reduction or Avoidance of Debt	..	78
Civil Works (net)	40	..
Military (net)	2,35	..
Other heads (net)	14	..
Total	2,89	17,51
Net	..	14,62

6. In Appendix I will be found the figures of *net* revenue and expenditure for each year from 1923-24 onwards, arranged in a convenient form different from that of the main budget statements and exhibiting Departmental transactions separately from Civil transactions. The details of the railway figures embodied in the budget statements have been explained already in a separate Memorandum. Those relating to the military heads will be found in Appendix II. For the rest, the details are given in the following paragraphs.

CUSTOMS.

	Revenue (Receipts *less* Refunds).	Expenditure.	Net revenue.
1927-28	48,21·42	84·82	47,36·60
1928-29	49,28·01	93·59	48,34·42
1929-30	51,27·66	97·51	50,30·15
1930-31 Budget	54,63·81	98·14	53,65·67
1930-31 Revised	46,01·93	96·31	45,05·62
1931-32 Budget	56,45·97	98·06	55,47·91

7. The revenue estimates include the following new items:—

	Revised, 1930-31.	Budget, 1931-32.
(*i*) Additional yield from increased import duties on galvanized iron and steel pipes and sheets, imposed with effect from the 30th December 1930 by Commerce Department Notification No. 260-T.(127)-Tariffs of that date .	10	50
(*ii*) Additional yield from increased customs and excise duties proposed in paragraphs 61—67 of the Finance Member's budget speech and detailed in Appendix III	78	9,32
Total .	88	9,82

No alteration has been made in the estimates as a result of the passing of the Wheat (Import Duty) Act, 1931, as the effect on the revenue position of the Central Government will probably be inappreciable.

8. If the additional yield referred to in the preceding paragraph is excluded, the revenue estimates compare as follows:—

Budget, 1930-31	54,64
Revised, 1930-31	45,14
Budget, 1931-32	46,64

There is thus a deterioration of 9½ crores in the current year and 8 crores in the next. From the details which follow, it will be apparent that, with the exception of sugar, mineral oils, silver bullion, and land customs, almost all

the heads, and particularly cotton piece-goods, tobacco, iron and steel, and jute, have contributed to this result. The causes of the deterioration, *viz.*, the prevailing trade depression, the heavy fall in prices, the diminution in purchasing power, and the civil disobedience movement, have been discussed at length in the budget speech.

9. The details are as follows:—

	Accounts, 1927-28.	Accounts, 1928-29.	Accounts, 1929-30.	1930-31. Budget.	1930-31. Revised.	Budget, 1931-32.
REVENUE.						
SEA CUSTOMS.						
IMPORTS.						
Non-protective Special Duties.						
Liquors—						
(*a*) Ale, beer, porter, cider and other fermented liquors	22·26	21·98	24·58	24·80	23·90	31·05
(*b*) Spirits and Liqueurs	2,18·92	2,14·90	2,15·10	2,19·00	1,96·75	2,45·00
(*c*) Wines	14·60	15·11	14·61	14·50	12·25	15·70
Sugar, all sorts	6,51·19	7,77·20	8,69·70	9,40·00	10,50·20	11,16·00
Tobacco	2,17·13	2,58·48	2,27·90	2,20·00	1,20·85	1,48·60
Coal, coke and patent fuel	1·60	·95	1·19	1·33	1·03	1·16
Tin, block	8·20	6·15	7·13	7·73	6·60	6·90
Mineral oils	1,78·92	1,93·60	2,08·94	1,74·19	2,16·64	2,67·29
Arms, ammunition and military stores	7·31	6·12	5·84	6·46	5·10	6·06
Motor cars and cycles	89·58	1,02·14	95·01	1,08·00	72·00	1,01·50
Silver bullion, coin, sheets and plates not manufactured	..	..	17·70	1,00·00	1,91·22	2,37·65
Artificial silk yarn and thread	7·91	10·43	7·42	10·05	5·42	7·25
Cotton yarn and thread	41·45	45·80	45·16	46·80	29·30	34·80
Silk mixture	7·26	8·02	7·33	8·50	4·75	6·60
Portland Cement (excluding white Portland cement)	9·96	11·53	10·52	10·35	10·24	13·09
Other Articles	·40	2·66	3·49	3·20	2·80	4·15
Duty at 2½ per cent.						
Printing materials, vinegar and other articles	23·12	·34	·25	·24	·16	·17
Duty at 10 per cent.						
Metals—Iron and Steel	51·09	46·41	43·91	47·50	34·19	46·05
Railway plant and rolling stock	28·94	20·16	20·60	23·00	15·66	19·85
Other articles	1·07	·54	·41	·28	·72	·54

	Accounts, 1927-28.	Accounts, 1928-29.	Accounts, 1929-30.	1930-31. Budget.	1930-31. Revised.	Budget, 1931-32.
REVENUE—*contd.*						
SEA CUSTOMS—*contd.*						
IMPORTS—*contd.*						
Duty at 15 per cent.						
Articles of food and drink (excluding sugar and vinegar and grain and pulse but including flour other than wheat flour)	1,82·09	1,80·75	1,77·00	1,80·70	1,56·10	1,60·80
Raw materials and articles mainly unmanufactured	78·85	79·06	73·64	78·34	58·64	72·64
Articles wholly or mainly manufactured—						
(*a*) Cutlery, hardware, implements and instruments	1,37·47	1,45·67	1,40·81	1,46·00	1,11·15	1,44·20
(*b*) Broadcast wireless receiving apparatus and component parts	..	..	..	·62	·56	·41
(*c*) Metals, other than Iron and Steel	81·81	82·76	75·01	79·87	67·37	87·17
(*d*) Yarns and textile fabrics (other than cotton yarn and silk manufactures)	1,82·88	1,74·82	1,59·18	1,62·00	1,01·25	1,56·30
(*e*) Pneumatic rubber tyres and tubes	29·59	33·10	37·29	41·50	30·65	40·40
(*f*) All other articles wholly or mainly manufactured	4,14·58	4,13·11	4,36·33	4,36·50	3,37·10	4,45·15
Miscellaneous	64·71	64·34	63·55	64·05	55·05	67·00
Duty at 30 per cent.						
Spices	..	..	..	..	1·35	16·00
Silk piece-goods and other manufactures of silk	88·21	87·60	79·00	87·70	46·83	66·33
Cinematagraph films, exposed	..	..	..	..	·50	6·00
Betelnuts	..	..	..	..	3·85	46·00
Other articles	96·02	1,00·92	1,05·27	1,08 00	65·60	88·75
Protective Special Duties.						
Iron and Steel (*a*) Liable to additional duties; (*b*) Not liable to additional duties	2,96·48	2,62·45	2,13·23	2,45·00	1,47·25	1,93·00
Silver wire, thread and other manufactures	..	..	..	7·00	5·40	5·78
Paper and Stationery	25·31	28·10	29·41	29·86	20·86	23·86
Cotton piece-goods	6,25·17	6,04·49	5,83·63	7,20·00	3,82·32	5,65·00
Matches, match-splints and veneers	53·72	25·28	13·94	10·00	4·40	3·73
Government stores.						
Articles liable to protective duties—						
Iron and Steel (*a*) Liable to additional duties; (*b*) Not liable to additional duties	1,08·14	67·10	58·73	47·52	48·79	38·19
Paper and Stationery						
Railway plant and rolling stock (non-protective)						
Others						
TOTAL IMPORTS	40,46·17	40,92·07	40,72·81	44,04·59	36,44·80	45,36·12

	Accounts, 1927-28.	Accounts, 1928-29.	Accounts, 1929-30.	1930-31. Budget.	1930-31. Revised.	Budget 1931-32
REVENUE—*concld.*						
SEA CUSTOMS—*concld.*						
IMPORTS—*concld.*						
Export duties—						
(*a*) Hides and skins, raw	37·33	36·83	35·49	38·40	26·70	23·73
(*b*) Jute (raw and manufactured)	4,59·97	4,21·99	4,66·24	4,20·52	3,35·32	3,60·42
(*c*) Rice	1,06·54	99·45	1,20·48	96·26	91·71	93·58
(*d*) Tea	1·33	..	..	..	..	..
(*e*) Government Stores	·03	·01	..	·01	..	·01
Sea Customs—Miscellaneous	14·43	13·37	12·15	13·41	10·33	10·57
Land Customs	27·80	98·84	1,14·02	80·33	1,46·09	1,41·36
Excise Duty on Motor Spirit	1,21·23	1,55·03	2,81·13	3,24·00	2,76·72	3,62·62
Excise Duty on Kerosene	97·18	92·35	95·70	1,50·18	1,43·50	1,87·10
Excise Duty on Silver	..	..	..	15·00	15·60	22·00
Warehouse and wharf rents and Miscellaneous	5·68	5·80	5·65	5·90	5·50	5·36
TOTAL RECEIPTS	49,17·69	50,15·74	52,03·67	55,48·60	46,96·27	57,45·87
Deduct—Refunds	*96·27*	*87·73*	*76·01*	*84·79*	*94·34*	*99·90*
NET TOTAL REVENUE	48,21·42	49,28·01	51,27·66	54,63·81	46,01·93	56,45·97
EXPENDITURE.						
India	82·90	91·58	96·13	96·36	94·58	96·40
England	1·91	2·01	1·37	1·78	1·71	1·66
Exchange	·01	..	·01	..	·02	..
Total	84·82	93·59	97·51	98·14	96·31	98·06

TAXES ON INCOME.

	Revenue. (Receipts *less* refunds and Provincial Governments' share of Income-tax revenue).	Expenditure.	Net revenue.
1927-28	15,06·39	65·56	14,40·83
1928-29	16,70·34	68·96	16,01·38
1929-30	16,70·61	71·85	15,98·76
1930-31 Budget	17,99·78	75·89	17,23·89
1930-31 Revised	15,79·83	75.51	15,04·32
1931-32 Budget	17,44·54	77·26	16,67·28

10. The budget estimate of revenue includes 3·95 crores net on account of the proceeds of the additional taxation proposed in paragraphs 69 and 70 of the budget speech. Full details of this will be found in Appendix IV.

11. On the present basis of taxation, the revenue estimates show a fall of 2·20 crores in the current year and 4½ crores in the next. The fall is spread over practically all the Provinces and reflects the depression in trade. It is more marked in the coming year's budget as the assessments in that year will be based on the comparatively poorer results of 1930-31.

12. The following tables give the usual details :—

	Accounts, 1927-28.	Accounts, 1928-29.	Accounts, 1929-30.	1930-31. Budget.	1930-31. Revised.	Budget, 1931-32.
REVENUE.						
EXCESS PROFITS DUTY.						
1. Bengal	·01	·01	·01	·01	·01	·01
SUPER-TAX.						
1. India	2·57	2·94	4·01	3·30	2·60	2·02
2. Baluchistan	·23	·12	·25	·16	·20	·20
3. N.-W. Frontier	·82	·97	1·21	·81	·65	·60
4. Madras	19·59	20·90	21·65	23·00	21·00	23·00
5. Bombay	83·22	79·83	95·30	88·00	85·00	80·00
6. Bengal	1,89·14	2,55·10	2,65·94	2,84·50	2,36·38	1,93·68
7. United Provinces	15·88	19·74	19·33	21·20	19·00	13·10
8. Punjab	9·11	7·82	5·88	4·17	3·91	2·51
9. Burma	65·04	56·54	49·60	52·00	58·50	54·50
10. Bihar and Orissa	6·47	49·22	12·49	33·00	13·50	19·09
11. Central Provinces	3·37	4·95	2·90	7·73	5·17	4·51
12. Assam	3·27	3·59	3·01	2·57	2·16	1·96
TOTAL	3,98·71	5,01·72	4,81·57	5,20·44	4,48·07	3,05·17
INCOME-TAX.						
1. India General—						
Civil	35·25	41·74	48·87	47·99	51·68	80·63
Non-Civil Departments	64·36	66·58	69·16	69·05	71·26	71·80
2. Delhi	11·57	10·40	11·40	10·41	8·99	10·67
3. Baluchistan	1·62	1·76	1·70	1·65	1·50	1·47
4. North-West Frontier	9·87	9·56	9·82	8·70	8·94	8·56
5. Madras	1,34·51	1,34·45	1,38·71	1,48·00	1,40·00	1,79·00
6. Bombay	2,80·34	2,93·84	3,16·59	3,22·00	3,17·86	3,45·86
7. Bengal	3,25·50	3,91·93	3,97·57	4,16·98	3,53·67	3,67·37
8. United Provinces	68·68	73·21	74·55	80·72	73·02	82·52
9. Punjab	69·79	65·31	62·39	61·15	53·98	63·00
10. Burma	1,95·71	1,76·62	1,73·86	1,78·10	1,47·52	1,93·65
11. Bihar and Orissa	40·68	50·75	47·74	48·00	45·15	59·64
12. Central Provinces	34·56	36·87	37·54	41·35	36·45	45·01
13. Assam	19·68	20·36	19·46	18·52	16·12	20·83
14. Coorg	·21	·22	·25	·23	·24	·24
TOTAL	12,92·83	13,73·65	14,09·61	14,52·85	13,26·38	15,30·25

	Accounts, 1927-28.	Accounts, 1928-29.	Accounts, 1929-30.	1930-31. Budget.	1930-31. Revised.	Budget, 1931-32.
REVENUE—*contd.*						
MISCELLANEOUS.						
1. India	..	·03	·04	..	..·01	..·01
2. N.-W. F. Province	..	..	·01	..·04	·03	·03
3. Madras	·02	·06	·02		·14	·14
4. Bombay	·05	·01	·04	..·01	·02	·02
5. Bengal	..	..	·04			
6. United Provinces	·11	·05	·10	..·06	..·03	..·03
7. Punjab	·01	·06	·05	·05	·52	·02
8. Burma	·02	·08	·03	·06	·02	·06
9. Bihar and Orissa	·02	·01	·04	·07	·07	·03
10. Central Provinces	·02	·09	·03			
11. Assam	..	·01	..·05	..	..	..
12. England	..	..		..	..	..
TOTAL	·25	·40	·45	·29	·84	·34
Total Receipts from Taxes on Income	16,91·80	18,75·78	18,91·64	19,73·59	17,75·30	19,25·77
Deduct—Refunds—						
India	*1,48·82*	*1,70·96*	*1,85·28*	*1,43·92*	*1,63·87*	*1,54·83*
England	*·34*	*·07*	*·01*	..	..	..
Exchange	..	..	..	..	..	..
TOTAL REFUNDS	*1,49·16*	*1,70·13*	*1,85·29*	*1,43·92*	*1,63·87*	*1,54·83*
Deduct—Share of Provincial Governments in Income-tax revenue under the Devolution Rules	*36·25*	*35·31*	*35·74*	*29·89*	*31·60*	*26·40*
Total Revenue of the Central Government	15,06·39	16,70·34	16,70·61	17,99·78	15,79·83	17,44·54
EXPENDITURE.						
India	64·81	67·46	70·35	74·58	74·53	75·87
England	·75	1·50	1·49	1·31	·97	1·39
Exchange	..	..	·01	..	·01	..
TOTAL	65·56	68·96	71·85	75·89	75·51	77·26
Distributed as follows—						
Payments to Provincial Governments	2·58	1·90	·31	·24	·30	·24
Direct expenditure of Central Government	62·98	67·06	71·54	75·65	75·21	77·02

Income-tax revenue payable to Provincial Governments on the presen basis of taxation.

	Accounts, 1927-28.	Accounts, 1928-29.	Accounts, 1929-30.	1930-31. Budget.	1930-31. Revised.	Budget, 1931-32.
Madras	5·94	5·48	7·27	6·00	6·00	5·50
United Provinces	..	..	·71	·80	1·40	1·00
Punjab	4·83	4·02	3·60	1·21	·64	..
Burma	14·94	12·21	11·40	10·95	13·50	12·00
Bihar and Orissa	3·20	4·74	4·49	4·50	4·20	3·90
Central Provinces	1·72	2·23	2·74	1·63	1·66	..
Assam	5·62	6·63	5·53	5·00	4·20	4·00
TOTAL	36·25	35·31	35·74	29·89	31·60	26·40

SALT.

		Revenue (Receipts *less* Refunds).	Expenditure (including Capital Expenditure charged to Revenue).	Net Revenue.
1927-28		6,63·18	1,27·01	5,36·17
1928-29		7,59·93	1,23·83	6,36·10
1929 30		6,76·46	1,28·08	5,48·38
1930-31	Budget	7,04·83	1,33·49	5,71·34
	Revised	6,85·00	1,28·90	5,56·10
1931-32	Budget	7,05·00	1,25·15	5,79·85

No alteration has been made in the estimates as a result of the passing of the Salt (Additional Import Duty) Act, 1931, as the effect on the revenue position of the Central Government will probably be inappreciable.

13. A drop of 20 lakhs is expected this year in view of the progress of actuals, but the budget estimate for the coming year has again been taken at 7·05 crores. The drop in the current year occurs chiefly under local manufacture in Northern India and is counter-balanced to some extent by a rise in the imports into Bengal.

14. The relevant details are given below :—

	Accounts, 1927-28.	Accounts, 1928-29.	Accounts, 1929-30.	1930-31. Budget.	1930-31. Revised.	Budget, 1931-32.
REVENUE.						
Northern India (*a*)	1,66·93	2,47·19	1,54·46	1,77·00	1,52·60	1,64·46
Madras (*a*)	1,44·64	1,47·65	1,47·53	1,48·35	1,48·06	1,47·94
Bombay (*a*)	1,55·25	1,59·20	1,59·25	1,63·32	1,57·92	1,56·42
Bengal (*b*)	1,64·50	1,76·90	1,84·95	1,85·93	2,05·83	2,06·02
Burma (*b*)	36·53	34·86	34·67	35·67	·33·23	34·83
Bihar and Orissa	·01	·01	·01	·01	·01	·01
Assam	·01	·01	·01	·01	..	..
TOTAL RECEIPTS	6,67·87	7,65·82	6,80·88	7,10·29	6,92·15	7,09·68
Deduct—Refunds	*4·69*	*5·89*	*4·42*	*5·46*	*7·15*	*4·68*
TOTAL REVENUE	6,63·18	7,59·93	6,76·46	7,04·83	6,85·00	7,05·00
EXPENDITURE.						
Cost of salt purchased by Government	10·31	7·03	8·29	12·06	10·16	9·90
Assignments and compensations	41·03	39·49	39·70	38·36	38·61	37·49
Interest	4·03	4·97	4·38	5·11	4·78	4·74
Depreciation	3·64	2·92	2·76	2·80	2·64	2·64
Other charges	65·92	67·94	70·79	72·47	70·94	68·33
Capital Outlay on salt works	·50	·58	1·12	1·82	·71	1·02
Total India	1,25·43	1,22·93	1,27·04	1,32·62	1,27·84	1,24·12
England	1·57	·90	1·03	·87	1·05	1·03
Exchange	·01	..	·01	..	·01	..
TOTAL	1,27·01	1,23·83	1,28·08	1,33·49	1,28·90	1,25·15

(*a*) Chiefly excise on local manufacture. (*b*) Chiefly duty on imported salt.

OPIUM.

—	Provision and medical opium.	Excise opium and miscellaneous (*less* refunds).	Total revenue (Receipts *less* refunds).	Purchase of opium.	Other charges.	Total expenditure.	Net revenue.
1927-28 . .	3,15·99	78·53	3,94·52	74·08	12·93	87·01	3,07·51
1928-29 . .	2,57·08	69·51	3,26·59	42·44	12·51	54·95	2,71·64
1929-30 . . .	2,31·20	72·90	3,04·10	37·01	11·80	48·81	2,55·29
1930-31 Budget .	2,00·15	71·65	2,71·80	53·35	11·22	64·57	2,07·23
1930-31 Revised .	1,91·26	71·34	2,62·60	63·83	11·41	75·24	1,87·36
1931-32 Budget .	1,54 35	61·23	2,15·58	62·27	11·36	73·63	1,41·95

15. The revenue from opium is derived mainly from exports of what is called provision opium to foreign countries, and from the sale to Provincial Governments of excise opium for internal consumption in India. The latter is sold to Provincial Governments at a fixed price based on the cost of production, and retailed by them to licensed vendors at rates fixed by them which vary from Province to Province. Opium is exported to foreign countries only after the prescribed import certificate from the Government of the importing country is produced. The entire quantity is now exported under the system of direct sales to Foreign and Colonial Governments that of auction sales in Calcutta to traders for export to foreign countries having been stopped with effect from the 7th April 1926.

16. The exports of provision opium in the current year are expected to amount to 4,733 chests, but will drop to 3,801 chests next year under the arrangement whereby they have to be extinguished not later than the 31st December 1935. This mainly accounts for the fall in the budget estimate of revenue for 1931-32. The demand for medical and excise opium has also gone down considerably since the budget estimate for the current year was framed.

17. The present estimates of expenditure in 1930-31 as well as in 1931-32 include a sum of over 7 lakhs for the purchase, in instalments, of the stocks of opium held in the Mewar State in pursuance of the policy which was explained to the Standing Finance Committee on the 24th January 1931.

OTHER PRINCIPAL HEADS OF REVENUE AND DIRECT DEMANDS ON THE REVENUE.

	Revenue.	Expenditure.	Net revenue.
1927-28	2,29·99	54·99	1,75·00
1928-29	2,23·85	61·37	1,62·48
1929-30	2,25·60	63·35	1,62·25
1930-31 Budget . . .	2,30·86	65·30	1,65·56
1930-31 Revised . . .	2,20·63	64·89	1,55·74
1931-32 Budget . . .	2,21·46	67·26	1,54·20

18. These comprise Land Revenue, Excise, Stamps, Forest, Registration and Payments from Indian States. The drop in revenue in both years occurs principally under Excise.

IRRIGATION.

	Revenue (Receipts *less* Working expenses).	Expenditure (including Capital expenditure charged to Revenue).	Net expenditure.
1927-28	9·06	17·39	8·33
1928-29	9·40	22·25	12·85
1929-30	9·96	29·98	20·02
1930-31 Budget	14·25	25·71	11·46
1930-31 Revised	8·95	38·54	29·59
1931-32 Budget	13·75	22·10	8·35

19. In the current year, the gross receipts in the North-West Frontier Province are expected to go down by 2 lakhs, while working expenses will go up by 3 lakhs. Other expenditure is also swollen to the extent of about 13 lakhs representing the Central Government's share of leave salaries and pensions which had been wholly debited to Provincial Governments in the past. The expenditure next year does not include any such adjustments and has been cut down as far as possible.

POSTS AND TELEGRAPHS.

	Accounts, 1927-28.	Accounts, 1928-29.	Accounts, 1929-30.	1930-31. Budget.	1930-31. Revised.	Budget, 1931-32.
INDIAN POSTS AND TELEGRAPHS DEPARTMENT.						
GROSS RECEIPTS	10,82·71	11,03·65	11,29·49	11,50·85	10,73·83	10,96·05
WORKING EXPENSES—						
India	10,46·78	10,87·53	11,18·65	11,19·72	11,26·77	11,37·73
England	6·73	7·30	7·45	7·29	7·50	7·53
Exchange	·02	·01	·06	..	·09	..
TOTAL	10,53·53	10,94·84	11,26·16	11,27·01	11,34·36	11,45·26
NET RECEIPTS	29·18	8·81	3·33	23·84	—60·53	—49·21
EXPENDITURE CHARGED TO REVENUE—						
Interest	55·33	62·65	65·78	72·29	75·83	86·98
NET REVENUE	—26·15	—53·84	—62·45	—48·45	—1,36·36	—1,36·19
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	15·78	13·12	11·67	14·90	12·25	10·50
England	..	..	..	..	..	..
Exchange	..	..	..	..	..	..
TOTAL	15·78	13·12	11·67	14·90	12·25	10·50
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	36·59	46·40	28·25	62·32	61·41	29·70
England	12·86	9·67	5·78	7·47	·88	3·43
Exchange	·08	·02	·05	..	·01	..
TOTAL	49·53	56·09	34·08	69·79	62·30	33·13

	Accounts, 1927-28.	Accounts, 1928-29.	Accounts, 1929-30.	1930-31. Budget.	1930-31. Revised.	Budget, 1931-32.
INDO-EUROPEAN TELEGRAPH DEPARTMENT.						
GROSS RECEIPTS—						
India	18·42	15·27	11·81	11·99	10·05	..
England	15·61	13·63	14·02	12·80	11·91	..
Exchange	·03	·03	·13	..	·15	..
TOTAL	34·06	28·93	25·96	24·70	22·11	..
WORKING EXPENSES—						
India	30·16	28·67	26·02	25·50	24·02	..
England	1·62	1·66	1·76	1·52	1·39	..
Exchange	..	..	·01	..	·02	..
TOTAL	31·78	30·33	27·79	27·02	25·43	..
NET RECEIPTS	2·28	—1·40	—1·83	—2·32	—3·32	..
EXPENDITURE CHARGED TO REVENUE—						
Interest	5·13	5·37	5·52	5·86	6·10	..
NET REVENUE	—2·85	—6·77	—7·35	—8·18	—9·42	..
CAPITAL OUTLAY CHARGED TO REVENUE—						
India	2·45	·44	—·33	—·37	1·31	—54·99
England	·05	·05	·04	·05	·05	..
Exchange	..	..	..	..	..	..
TOTAL	2·50	·49	—·29	—·32	1·36	—54·99
CAPITAL OUTLAY NOT CHARGED TO REVENUE—						
India	—3·53	—3·62	—2·16	—1·88	—1·62	53·76
England	·87	·86	1·14	·80	—56·62	4·41
Exchange	·01	..	·01	..	—·70	..
TOTAL	—2·65	—2·76	—1·01	—1·08	—58·94	58·17

20. The above statement shows the position of both the Indian Posts and Telegraphs Department and the Indo-European Telegraph Department at a glance. The figures appearing as 'Net Revenue' show, in both cases, the profit or loss on the working of the Departments. Allowance has been made for a reduction of 5 in the working expenses of the Indian Posts and Telegraphs Department which has had to be made in the estimates owing to alterations in the budget proposals relating to Income-tax (*vide* G. I. F. D. Resolution No. D.-118-B., dated the 9th April 1931). The figures relating to the Indian Department, however, are inclusive of the following estimated losses on the non-commercial activities of the Wireless Branch :—

Actuals, 1928-29	6·28
Actuals, 1929-30	6·86
Budget, 1930-31	8·00
Revised, ,,	8·00
Budget, 1931-32	8·00

21. In the Indian Posts and Telegraphs Department, the large deterioration in both years is again an index of prevailing economic conditions. The capital outlay, both charged and not charged to revenue, has, however, been considerably restricted.

22. The Indo-European Telegraph Department as such will cease to exist from the 1st March 1931 in the circumstances explained in paragraph 40 of the budget speech. The budget estimate for next year accordingly shows only certain residual transactions mainly connected with its dissolution and the transfer, from capital to revenue, of a receipt of about 54 lakhs representing the net realisations from the disposal.

INTEREST RECEIPTS.

	Accounts, 1929-30.	Budget, 1930-31.	Revised, 1930-31.	Budget, 1931-32.
India	96·53	1,07·33	1,02·06	96·52
England—Interest on temporary investment of cash balances, etc.	34·99	17·98	13·88	3·31
England—Excess over £40 millions in the Gold Standard Reserve	3,06·67	2,20·00	2,08·00	1,35·48
Transfer from Gold Standard Reserve Revenue Equalisation Fund	..	..	5·33	56·68
Exchange	2·42	..	2·80	..
TOTAL	4,40·61	3,45·31	3,32·07	2,91·99

23. The main item here is the excess over £40 millions in the Gold Standard Reserve, *i.e.*, principally, interest on investments in the Reserve. There is a heavy fall under this item next year—the combined result of the replacement of some of the interest-bearing securities in England by gold in India and of the lower yield expected from investments in British Treasury Bills. The total revenue would have been considerably smaller still in 1921-32 but for the fact that the Gold Standard Reserve Revenue Equalisation Fund constituted last year can be drawn upon to the extent of about 57 lakhs. This draft, however, will entirely exhaust the balance in the Fund.

INTEREST PAYMENTS.

	Accounts, 1929-30.	Budget, 1930-31.	Revised, 1930-31.	Budget, 1931-32.
Interest on Ordinary Debt—				
Gross payments—				
India	21,28·32	21,96·33	21,47·72	22,35·49
England	18,91·24	18,78·96	19,67·04	21,13·99
Exchange	13·89	..	24·20	..
Total	40,33·45	40,75·29	41,38·96	43,49·48
Deduct—Amounts charged to—				
Railways	29,09·26	30,04·06	31,38·45	32,21·28
Irrigation	12·32	12·38	12·68	12·87
Posts and Telegraphs	72·91	79·93	83·72	88·77
Other heads	17·77	20·80	21·81	24·42
Provincial Loans Fund	6,19·72	6,52·29	6,51·00	6,95·00
Total deductions	36,31·98	37,69·46	39,07·66	40,42·34
Net	4,01·47	3,05·83	2,31·30	3,07·14

INTEREST PAYMENTS.—*contd.*

	Accounts, 1929-30.	Budget, 1930-31.	Revised, 1930-31.	Budget, 1931-32.
Interest on other Obligations—				
Bonus on Post Office Cash Certificates	73·20	1,88·00	2,00·00	2,10·00
Post Office Savings Bank Deposits	1,02·65	1,10·46	1,07·40	1,06·42
Provident Funds	2,54·02	2,97·50	2,91·61	3,17·83
Service Funds	11·77	13·25	12·45	13·06
Fixed Deposits of Provincial Governments	23·45	23·50	23·45	17·25
Famine Relief Fund	15·74	13·25	16·08	16·13
Railway Reserve Fund	74·44	75·97	57·68	16·35
,, Depreciation Fund.	53·22	66·98	81·04	1,08·00
Posts and Telegraphs Depreciation Fund	6·84	8·72	10·52	12·43
Other items	68·14	77·88	76·17	74·42
Total	6,83·47	8,75·51	8,76·40	8,91·89
Total Interest payments	10,84·94	11,81·34	11,07·70	11,99·03

24. Details of payments of Interest on Ordinary Debt will be found in the volume of Demands for Grants. The payments are, as usual, affected by the nature and extent of the ways and means operations.

25. It is necessary, however, to explain, in this connection, certain changes which have been made, with effect from the current year, in the method of calculation of the average rate of interest charged to Commercial Departments in respect of the capital outlay incurred by them after the 31st March 1917. Until recently, this rate was arrived at by dividing the total amount of interest and discount brought to account during the year in respect of the loans raised during the period by the mean between the nominal amounts of the opening and closing balances. With effect from 1928-29, the commission and brokerage paid in connection with issues of new loans were added to the interest and discount. From 1929-30 a suitable addition was also made for the loss which general revenues sustained through the tax-free concession attached to some of the loans. The changes now made are as follows :—

(*i*) The amount of interest taken into account will be the amount *due for* the year and *not* the amount *paid in* the year ;

(*ii*) a suitable addition will be made for charges for management of debt and advertisement charges connected with new issues ; and

(*iii*) the mean outstanding debt will be calculated with reference to the proportionate amounts of *cash received* and *not* with reference to the *nominal balances*.

26. (*i*) and (*ii*) are changes of comparatively little significance, but (*iii*) is one of considerable importance. It is clearly justified in view of the fact that the capital debited to Commercial Departments is the equivalent of cash expenditure. The changes are designed to secure that the average ate corresponds to the actual cost to Government of raising their funded, ermanent, interest-bearing debt which is outstanding at the time.

27. The net effect of the alterations has been to increase the recoveries of interest from the Railways by about a crore this year as well as next, and the recoveries from other Commercial Departments by about 4 lakhs.

28. In consequence of these changes, it has been decided to allow, on the balances in the Reserve and Depreciation Funds, the same rate as that charged in respect of capital outlay, instead of 1 per cent below the rate charged on advances to the Provincial Loans Fund. This increases, to some extent, the payments falling under Interest on Other Obligations.

29. Two features relating to the estimates under this head which are worthy of note, are

(*i*) the provision of 2 crores in 1930-31 and 2·10 crores in 1931-32 for bonus on cash certificates on a liability basis ; and

(*ii*) the heavy fall next year in the interest payable on the Railway Reserve Fund, due to the fact that in these two years it will have to be drawn upon to the extent of 15 crores.

30. The total interest charges have varied as follows in recent years :—

Actuals, 1923-24	15,97
„ 1924-25	14,90
„ 1925-26	13,37
„ 1926-27	11,77
„ 1927-28	10,57
„ 1928-29	10,20
„ 1929-30	10,85
Revised, 1930-31	11,08
Budget, 1931-32	11,99

31. It will be seen from the above figures that, while there was a steady reduction from 1923-24 to 1928-29, there has been an increase since then. The increase would have been greater had it not been for the changes described in paragraph 25. This is explained partly by the variations in the Government's borrowing rate and partly also by the fact that insufficient provision had been made in the past in respect of the liability for bonus on cash certificates. The following table will make the position clear :—

Year.	Approximate borrowing rate in India.	Balance held at close of the year on account of cash certificates.	Bonus paid or provided for from revenue.
1923-24	6 per cent.	8,42	28
1924-25	5¾ „	13,12	16
1925-26	5½ „	20,96	16
1926-27	4¾ „	26,68	16
1927-28	4¾ „	30,70	23
1928-29	5 „	32,30	60
1929-30	5½ „	35,00	73
1930-31	6¼ „	38,20	2,00
1931-32		42,20	2,10

APPROPRIATION FOR REDUCTION OR AVOIDANCE OF DEBT.

32. Under the scheme of debt redemption adopted by the Government of India for the five years 1925-26 to 1929-30, the annual charge against the revenues of India for the purpose of making provision for the reduction or avoidance of debt consists of—

(*a*) a sum of 4 crores, and

(*b*) such additional sum as is equal to one-eightieth of any excess shown in the total of the debt outstanding on the 31st of March of the preceding year over the total outstanding on the 31st March 1923, sterling debt being converted into rupees at Rs. 15 per £ for this purpose.

It has been decided that, pending further consideration of the scheme along with the Railway Convention, provision from the year 1930-31 onwards should be made on the same lines, except that, for the purposes of (*b*) above, sterling debt should be converted into rupees at Rs. 13⅓ per £.

33. On this basis, the estimates for the two years work out as follows :—

	(In lakhs of rupees, sterling amounts being converted at Rs. 13⅓ per £.)		
	31st March 1923.	31st March 1930.	31st March 1931.
Rupee Debt exclusive of Treasury Bills in the Paper Currency Reserve	3,61,42	4,41,14	4,62,85
Sterling Debt	3,23,51	4,15,67	4,48,99
Unfunded Debt	62,56	1,40,92	1,45,85
Capital value of the liabilities undergoing redemption by way of Terminable Railway Annuities	81,74	69,15	67,09
	8,29,23	10,66,88	11,24,78
Deduct—			
Discount included above but separately provided for	7,32	18,21	18,52
Advances to Provincial Governments other than those representing pre-Reform Irrigation debt	24,89	80,00	86,54
	32,21	98,21	1,05,06
NET	7,97,02	9,68,67	10,19,72
Excess over outstanding debt on 31st March 1923		1,71,65	2,22,70
$\frac{1}{80}$ th of above		2,14·56	2,78·37
Add basic provision		4,00·00	4,00·00
TOTAL		6,14·56	6,78·37

34. These figures include the following specific items :—

	Revised, 1930-31.	Budget, 1931-32.
Sinking fund provision for 5 per cent. rupee loans	1,79·75	1,79·07
Capital portion of railway annuities . . .	2,08·38	2,13·00
Railway sinking funds	27·00	26·67
TOTAL .	4,15·13	4,18·74

35. The sums provided from revenue on this account from year to year are indicated below. The increase in the eight years ending the 31st March 1932 is only about 79 per cent. of the savings in interest on dead-weight debt during the same period (*vide* paragraph 30) :—

1923-24	3,62
1924-25	3,78
1925-26	4,97
1926-27	4,97
1927-28	5,04
1928-29	5,42
1929-30	5,74
1930-31	6,15
1931-32	6,78

CIVIL ADMINISTRATION.

		Revenue.	Expenditure.	Net expenditure.
1927-28		98·69	11,20·78	10,22·09
1928-29		1,00·93	11,43·51	10,42·58
1929-30		1,16·59	12,65·91	11,49·32
1930-31	Budget	1,06·44	13,26·59	12,20·15
	Revised	96·99	13,54·35	12,57·36
1931-32	Budget	1,03·45	13,06·36	12,02·91

36. The fall in revenue in the current year has occurred principally under Agriculture (7 lakhs) reflecting, mainly, a diminution in the demand for the products of the Muktesar Institute (4 lakhs) and in the realisations from the fumigation of American cotton (2 lakhs), and partly also in the receipts of the Indian Stores Department (3 lakhs).

37 The revised estimate of expenditure has gone up by 28 lakhs which is more than accounted for by increases of 34 lakhs under Political, 6 under Police, and 5 under General Administration, partly counterbalanced by savings under other heads including 8 lakhs under Civil Aviation.

38. The budget estimate of expenditure for the coming year, on the other hand, is actually 20 lakhs less. While Jails, Political, Frontier Watch and Ward, and Agriculture record decreases of 6, 9, 24 and 13 lakhs respectively, Police, Education Civil Aviation and Miscellaneous Departments show increases of 4, 5, 3 and 17 lakhs. These figures allow for the reductions made in the estimates under " Audit ", "Civil A iation" and "Miscellaneous Departments ", *vide* G. I. F. D. Resolution No. D.-118-B., dated the 9th April 1931. Specific variations of importance in Civil expenditure generally have been referred to in paragraphs 37—39 of the budget speech. Full particulars will be found in the Demands for Grants.

CURRENCY AND MINT.

		Revenue.	Expenditure.	Net revenue.
1927-28		2,77·46	87·67	1,89·79
1928-29		2,88·33	71·62	2,16·71
1929-30		2,73·69	74·21	1,99·48
1930-31	Budget	2,89·15	77·66	2,11·49
	Revised	1,25·98	99·73	26·25
1931-32	Budget	63·34	78·71	—15·37

39. The estimates of revenue under this group largely depend upon the transactions connected with the securities in the Paper Currency Reserve and are subject to wide fluctuations. The revised estimate of expenditure in the current year includes 22 lakhs on account of loss on circulation of nickel coin. It represents approximately the difference between the nominal value and the metal value of the large amounts of coin which returned from circulation, the reduced demand being yet one more indication of the prevailing depression.

CIVIL WORKS.

		Revenue.	Expenditure.	Net expenditure.
1927-28		16·07	1,58·48	1,42·41
1928-29		17·04	1,59·28	1,42·24
1929-30		22·65	2,58·27	2,35·62
1930-31	Budget	26·17	2,81·06	2,54·89
	Revised	28·00	2,68·19	2,40·19
1931-32	Budget	24·85	2,41·28	2,16·43

40. The current year's revised estimate of revenue includes a special receipt of 3·72 lakhs from the Government of Bengal in respect of the sale of premises Nos. 5 and 6, Government Place, Calcutta.

41. The expenditure estimates are made up as follows:—

	Ordinary expenditure.	Transfer to Road Development Fund.
Budget, 1930-31	1,73·06	1,08
Revised, ,,	1,70·19	98
Budget, 1931-32	1,40·28	1,01

The reduction in the ordinary expenditure next year represents a cut of nearly 20 per cent.

MISCELLANEOUS.

		Revenue.	Expenditure.	Net expenditure.
1927-28		52·46	3,75·31	3,22·85
1928-29		89·47	4,05 93	3,16·46
1929-30		95·62	4,45·65	3,50·03
1930-31	Budget	86·11	4,16·87	3,30·76
	Revised	85·63	4,34·53	3,48·90
1931-32	Budget	73·89	4,08·92	3,35·03

42. The revised estimate of revenue includes 5·26 lakhs, being the Central Government's share of the receipt from His Majesty's Government towards the expenses of the Indian Statutory Commission. For the rest, the drop next year relates to the receipts in aid of Superannuation and under Stationery and Printing.

43. The revised estimate of expenditure includes 7 lakhs for the Labour Commission, 7 lakhs for the Banking Enquiry Committee, and 7 lakhs for the Round Table Conference. The coming year's budget provides for 1 lakh in all for the Labour Commission and the Banking Enquiry Committee and no other special provision.

EXTRAORDINARY ITEMS.

	Accounts, 1929-30.	1930-31. Budget.	1930-31. Revised.	Budget, 1931-32.
Receipts—				
India	1,55·00	..	50·00	..
England	33·65	32·00	47·36	30·44
Exchange	·29	..	·58	..
TOTAL . .	1,88·94	32·00	98·84	30·44
Payments—				
India	·06	·50	15·62	·25
England	..	..	..	..
Exchange	..	..	..	..
TOTAL . .	·06	·50	15·62	·25

44. The Indian credit this year represents the sum held by the Government of India at credit of the Austrian Liquidation Account under the Treaty of Saint Germain-en-Laye, which, as a result of the decisions arrived at the Hague Conference, will now accrue to them. The credits in England represent Reparation receipts under the "Young Plan". The current year's receipts include about 16½ lakhs, being India's share of the German Reparation loan, which, however, will have the effect of reducing future receipts by about 1¼ lakhs *per annum*.

45. The Indian payment in the current year relates to further compensations to lascars or their dependants for loss and damage caused by enemy action during the War.

EXCHANGE.

46. From the 1st April 1920 to the 31st March 1927, the accounts were prepared on the basis of the rate of 2*s.* per rupee for the conversion of rupee transactions into sterling and *vice versa*. The sterling value of the rupee, however, stood at a lower level in recent years. In consequence of this variation from the 2*s.* rate, large sums were brought to account as credits or debits on account of exchange in respect of transactions involving remittances of funds to and from the Secretary of State. *These were purely book-keeping transactions.* Under that system, there was an accounts 'gain' by exchange when the Home remittances through the market were less than the amounts required by the Secretary of State for his aggregate net disbursements owing to the latter having been financed partly from other sources, *e.g.*, a sterling loan floated in London. Similarly, there was an accounts 'loss' when the remittances were greater in order to meet the demands of trade. These 'gains' and 'losses' fluctuated within very wide limits as will be seen from the following statement of balances at the end of each of the financial years from 1919-20 onwards:—

	Credit +, Debit —.
31st March 1920	+5,23
„ „ 1921	—22,85
„ „ 1922	—11,48
„ „ 1923	+5,47
„ „ 1924	+8,55
„ „ 1925	+5,40
„ „ 1926	+1,21
„ „ 1927	+12,44
„ „ 1928	+12,69
„ „ 1929	+12,86
„ „ 1930	+13,17

47. The procedure for the allocation of exchange gains and losses was as follows. All exchange gains and losses arising in respect of remittance transactions were recorded in the first instance under a suspense head; the portion attributable to the revenue and capital accounts in respect of outlay incurred in England was calculated every month on the basis of the average of the daily telegraphic transfer rates from Calcutta on London and transferred to those accounts, and the portion relating to the expenditure of Provincial

Governments was similarly debited to the Provincial Governments concerned, and it was considered, with reference to the circumstances of each year whether the balance remaining under the suspense head after these transfers were made, should be written off to revenue or *kept in suspense against the possibility of opposite results in succeeding years.*

48. The above procedure is still in force except that 1*s.* 6*d.* is now taken in place of the old 2*s.* rate. The present estimates, however, assume an average of 1*s.* $5\frac{2}{3}$*d.* in 1930-31 and 1*s.* 6*d.* in 1931-32.

49. The transactions in the current year are expected to be as follows :—

Gross gain on remittance transactions. ..		2·86
Add transfers to		
Revenue	43·24	
Capital	6·42	
Provinces	4·96	
	54·62	
Total gain		57·48

50. On this basis, the balance at credit of the Exchange head will be 13·74 crores. The question of the final adjustment of this book credit has been under consideration and it is probable that the adjustment will be made in the accounts of the current year. In view of the methods of accounting actually adopted, it would be clearly improper to appropriate the credit to revenue.

WAYS AND MEANS.

Home Treasury.

51. The bulk of the payments made in England on account of the Government of India consists of expenditure chargeable to the Indian revenues and has normally to be met by direct remittance of funds from India. The capital outlay on the construction of railways, however, sometimes necessitates heavy borrowing and a large portion of the money required has, when necessary, been raised in England, either direct or through the agency of Companies. Operations connected with the Gold Standard and Paper Currency Reserves, and with the replacement of one particular form or item of direct or indirect debt by another, further swell the receipts and charges of the Home Treasury without affecting ordinarily the general ways and means programme. Recoveries are also effected by the Secretary of State against drawings of the Iraq administration on India. These recoveries represent, in effect, remittances from India to finance the Home Treasury and reduce the amount of direct remittances which would otherwise be necessary.

52. The following is a summary of the estimated transactions of the Home Treasury :—

[In millions of £.]

	Budget, 1930-31.	Revised, 1930-31.	Budget, 1931-32.
RECEIPTS.			
1. Discount on loans raised in previous years brought to account as debt incurred .	·31	·31	·40
2. Remittances between England and India—			
(a) Recoveries on account of drawings by Iraq administration on India . .	·58	·59	·5[illegible]
(b) Sale of silver.	·50	2·48	..
(c) Other transactions	·86	·79	·77
3. Deposits and Advances	·10	·22	..
Total Receipts, excluding direct remittances and loans	2·35	4·39	1·73
DISBURSEMENTS.			
4. Excess of Expenditure of the Central Government over Revenue . . .	25·57	26·36	27·27
5. Disbursements on behalf of Provincial Governments	3·08	3·02	3·45
6. Capital Expenditure not charged to Revenue—			
(a) Outlay on State Railways . .	3·27	4·29	2·44
(b) Other items	·13	—·37	·08
7. Discharge of Permanent Debt . . .	2·37	1·74	16·53
8. Discharge of India Bills	..	6·00	..
9. Payment of portion of purchase price of Southern Punjab Railway withheld under terms of contract (net)	1·96	1·96	..
TOTAL DISBURSEMENTS .	36·38	43·00	49·77
NET DISBURSEMENTS . .	34·03	38·61	48·04
Remittances from India (net) . .	31·30	6·29	33·30
New Loan (less discount) . . .	..	26·73	18·57
Imperial Bank of India Loan (net) . .	..	4·05	—4·05
Reduction (+) or increase (—) of cash balance	+2·73	+1·54	+·22
Opening Balance	6·98	6·39	4·85
Closing Balance	4.25	4·85	4·63

53. Item 2 (*a*) has already been explained in paragraph 51. Normally, item 2 (*c*) relating to 'Other transactions' is almost entirely made up of recoveries from the Governments of Hong-Kong, the Straits Settlements and Siam in respect of opium supplied from India under agreement; the other indirect remittances to and fro practically balancing one another.

54. The amount shown under the head 'Discharge of Permanent Debt' includes the provision for railway sinking funds and the capital portion of railway annuities. These payments are made out of the provision for reduction or avoidance of debt—*vide* paragraph 34.

55. The remittance programme, as estimated, is as follows :—

(In millions of £.)

	Revised, 1930-31.	Budget, 1931-32.
Purchase of Sterling . . .	5·39	33·30
Transfers through Gold Standard Reserve .	7·62	..
,, ,, Paper Currency Reserve	1·76	..
Less Sale of Sterling	*6·00*	..
	8·77	33·30

The net figures shown in paragraph 52 take into account the transfer of sale-proceeds of silver—*vide* item 2 (*b*)—to the Paper Currency and Gold Standard Reserves. The programme for next year is only illustrative. The actual amount of remittance must, like the form, necessarily depend upon circumstances.

56. The sterling debt incurred in 1930-31 is as follows :—

Month of issue	Form of issue.	Nominal amount.	Issue price per cent.	Cash received.
		£		£
(i) May 1930 .	6 per cent. Bonds, 1933-35 . . .	7,000,000	99	6,930,000
(ii) October 1930 .	6 per cent. Bonds, 1935-37 . . .	12,000,000	100	12,000,000
(iii) February 1931.	5½ per cent. Stock. 1936-38 . . .	12,000,000 5,181,250(*b*)	97	11,640,000(*a*) ..

In addition, as explained in paragraph 100 of the budget speech, certain temporary loans were taken from the Imperial Bank of India, of which £4,047,000 will be outstanding on the 31st March 1931 and repaid next year.

57. The budget estimate for next year assumes the conversion of the remaining 5½ per cent. stock maturing in January 1932, which will stand at £14,730,750.

(*a*) Of this £7,800,000 will be received in 1930-31 and £3,840,000 in 1931-32.
(*b*) This is in conversion of £5,000,000 of India 5½ per cent. stock maturing in January 1932.

INDIA.

58. The following is a summary of the estimates of ways and means in India during 1930-31 and 1931-32 :—

(In crores of rupees.)

	Budget, 1930-31.	Revised, 1930-31.	Budget, 1931-32.
RECEIPTS.			
1. Excess of Revenue of the Central Government over Expenditure charged to Revenue	34·96	22·47	36·37
2. Unfunded Debt incurred—			
(a) Post Office Cash Certificates (net)	2·40	3·20	4·00
(b) Savings Bank deposits (net)	9·43	4·18	5·55
3. Appropriation for reduction or avoidance of debt	5·90	5·00	6·17
4. Railway Reserve and Railway and Posts and Telegraphs Depreciation Funds	5·53	—6·39	1·28
5. Post Office Cash Certificate Bonus Fund	·88	·44	·10
6. Miscellaneous Deposits and Remittances (net)	—1·59	·95	1·16
TOTAL RECEIPTS	57·51	29·85	54·63
DISBURSEMENTS.			
7. Capital Expenditure not charged to Revenue—			
(a) State Railways	12·39	8·78	8·20
(b) Posts and Telegraphs	·61	·59	·83
(c) Delhi	·49	·50	·24
(d) Bombay Improvement Scheme	2·05	2·12	..
(e) Other items	·65	·82	·76
8. Permanent Debt discharged (net)	16·10	15·97	8·03
9. Floating Debt discharged (net)	4·00	14·60	..
10. Loss on revaluation, sale, transfer, etc., of assets of the Paper Currency Reserve (net)	..	5·24	..
11. Loans by the Central Government—			
(a) To Provincial Loans Fund	5·32	6·49	6·29
(b) Other Loans	1·41	1·95	1·21
12. Remittances between England and India—			
(a) Remittances from India for financing Home Treasury	41·73	11·69	44·40
(b) Drawings by the Iraq administration recoverable in England	·77	·79	·75
(c) Other transactions (net).	1·81	1·05	1·02
13. Balances of Provincial Governments	—1·49	·98	—1·39
TOTAL DISBURSEMENTS	85·84	72·57	70·34
NET DISBURSEMENTS	28·33	42·72	15·71
New Loan (less discount)	23·50	29·71	15·00
Reduction (+) or increase (—) of cash balance	+4·83	+13·01	+·71
Opening Balance	17·79	25·76	12·75
Closing Balance	12·96	12·75	12·04

59. Item 7 (*d*) represents a payment made to the Government of Bombay for reclaimed land at Colaba which has been taken over for the use of the Military Department. The payment will be utilised by the Bombay Government for the repayment of the advances taken by them in 1923-24. This will, accordingly, reduce the amount of the Central Government's advances to the Provincial Loans Fund during the current year and will not affect the ways and means position as a whole.

60. The estimates of Provincial Governments' transactions—*vide* items 11 (*a*) and 13—are based on the assumption that the net drawings from the Central Government in India and England, including those in the shape of advances through the Provincial Loans Fund, will be 11½ crores in the current year and 9½ crores in the next. The former figure allows for the repayment just referred to.

61. The result of the current year's rupee loan, which was a 6 per cent. 1933-36 loan issued at par, is summarised below :—

(In lakhs of rupees.)

Subscriptions in cash	12,96·11
Subscriptions in the form of Indian treasury bills .	8,46·49
Subscriptions in the form of 1930 Bonds . . .	8,28·21
Total nominal value .	29,70·81

62. The amount of the new loan now estimated for next year has been shown separately at 15 crores. The estimate provides for the conversion or discharge of 7 crores of the 6 per cent. Bonds, 1931 of which there are 7·36 crores outstanding ; and also for the net discharge of 1,04 lakhs of other debt, including 77 lakhs of the 5 per cent. Loans, to be purchased out of the Depreciation Funds—*vide* details in Statement C. The new money required in the shape of Permanent Debt in India will thus be about 7¾ crores only. The figure is, however, again illustrative only and the actual amount and other details will depend upon the circumstances of the time.

63. The balances of treasury bills have been taken in the estimates as follows :—

(In crores of rupees.)

	31st March 1930.	31st March 1931.	31st March 1932.
With the public . .	36·04	45·00	45·00
In the Paper Currency Reserve . . .	21	5·65	5·65

64. The figures relating to India's debt have been given in Appendix V. The balance of total interest-bearing obligations not covered by interest-yielding assets, cash, and bullion on the 31st March 1931 shows an increase of 16½ crores over the balance on the 31st March 1930. Neglecting various balancing items, this increase may be attributed to the book loss, on the sale

of silver, which is placed at 5·24 crores (*vide* item 10) and the uncovered revenue deficit of 12·68 crores (*vide* paragraph 4). Government, in their capacity as currency authority, have actually strengthened their position by the sale of silver as they have obtained liquid assets in exchange for assets which were frozen, but as the silver in the form of rupees was valued in the Paper Currency Reserve at Re. 1 per standard tola, the sale involved either a decrease in the note circulation or an increase in the rupee securities in this Reserve corresponding to the difference between the bullion value and the currency value of the rupees sold. In either case, the net effect on the ordinary Government accounts was an increase in the unproductive debt. For this reason, the increase in the current year in the balance of interest-bearing obligations not covered by the assets mentioned does not represent any real deterioration in the debt position except to the extent of the revenue deficit.

A. C. McWATTERS.

The $\frac{31st\ March}{9th\ April}$ *1931.*

APPENDIX I.

Statement of *net* revenue and expenditure (excluding transactions relating to the Revenue Reserve and Road Development Funds).

[In lakhs of rupees.]

	Actuals.							Revised, 1930-31.	Budget, 1931-32.
	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.		
NET REVENUE (REVENUE *LESS* CORRESPONDING EXPENDITURE INCLUDING CAPITAL EXPENDITURE CHARGED TO REVENUE).									
Civil.									
Customs . .	38,98	44,98	46,96	46,57	47,36	48,30	49,32	44,08	54,47
Taxes on Income .	17,61	15,41	15,27	15,03	14,41	16,01	15,99	15,04	16,67
Salt . . .	8,65	6,12	5,01	5,45	5,35	6,36	5,48	5,56	5,80
Opium . . .	1,66	1,44	2,04	3,33	3,07	2,72	2,55	1,87	1,42
Other principal heads.	2,13	1,53	1,52	1,59	1,63	1,59	1,58	1,51	1,53
Currency and Mint.	2,14	3,28	3,94	3,39	1,90	2,17	2,00	26	—15
Provincial Contributions, etc.	8,84	8,74	6,08	5,13	3	3	..	..	..
Extraordinary .	—81	2,54	38	57	—4	29	1,89	83	30
Total, Civil .	79,20	84,04	81,20	81,06	73,71	77,47	78,81	69,15	80,04
Railways . .	6,44	6,78	5,49	6,01	6,28	5,23	6,12	5,74	5,36
Total net revenue	85,64	90,82	86,69	87,07	79,99	82,70	84,93	74,89	85,40
NET EXPENDITURE (EXPENDITURE *LESS* CORRESPONDING REVENUE).									
Civil.									
Irrigation . .	6	11	8	5	8	13	20	30	8
Debt Services .	14,17	15,27	14,12	12,66	11,99	12,82	12,18	13,90	15,86
Civil Administration	8,65	9,39	9,87	10,28	10,22	10,43	11,49	12,57	12,03
Civil Works . .	1,33	1,65	1,48	1,74	1,42	1,38	1,38	1,42	1,15
Miscellaneous .	3,52	3,89	3,71	3,36	3,23	3,16	3,50	3,49	3,35
Total, Civil .	27,73	30,31	29,26	28,09	26,94	27,92	28,75	31,68	32,47
Posts and Telegraphs	—71	—80	—1,88	5	47	74	81	1,59	92
Military . .	56,23	55,63	56,00	55,97	54,79	55,10	55,10	54,30	52,00
Total net expenditure.	83,25	85,14	83,38	84,11	82,20	83,76	84,66	87,57	85,39
Surplus (+), Deficit (—).	+2,39	+5,68	+3,31	+2,96	—2,21	—1,06	+27	—12,68	+1

APPENDIX II.

Memorandum on the Military Estimates for 1931-32.

The Military Estimates for 1931-32 have been prepared in the same form as those for 1930-31. These follow a cash system of estimates and accounts which was re-adopted in 1927-28 in place of the elaborate system of cost accounts which was previously in force.

2. Since 1922-23 substantial reductions have been effected in the expenditure on the military services. The actual net expenditure as shewn in the final accounts or as estimated, where the accounts are not yet closed, is indicated in the following statement :—

	Rs. (Crores.)
1922-23	65·27
1923-24	56·23
1924-25	55·63
1925-26	56·00
1926-27	55·97
1927-28	54·79
1928-29	55·10
1929-30	55·10
1930-31 (Budget Estimate)	54·35
1930-31 (Revised Estimate)	54·30
1931-32 (Budget Estimate)	52·00

3. The Indian Retrenchment Committee, after their exhaustive examination of every aspect of military administration, recommended that the net budget for 1923-24 should be fixed at Rs. 57¾ crores, subject to such addition as would be necessary on account of the delay which must necessarily ensue in carrying out the proposed changes, and in order to meet special expenditure in Waziristan, etc. In their final review of military expenditure, they envisaged further large automatic savings and they considered that, in subsequent years, expenditure would be susceptible of reduction to Rs. 57 crores and ultimately to Rs. 50 crores provided a further fall in prices took place. The expenditure in the year 1923-24 showed an actual reduction to Rs. 56·23 crores, largely due to the rapidity with which retrenchments were effected under the orders of His Excellency the Commander-in-Chief; and thus the first stage of Rs. 57 crores mentioned by the Retrenchment Committee was passed in the first year.

4. The figure of Rs. 56·23 crores for the year 1923-24 included heavy expenditure on gratuities to demobilised officers and in Waziristan, but these abnormal items were counterbalanced by credits from the proceeds of sale and utilisation of surplus stores. The budget for the year 1923-24 allotted a net sum of 62 crores for military services. This was reduced in the budget for 1924-25 to 60¼ crores, but by the time when the budget for 1925-26 was under consideration, the actual effect of the retrenchment operations, which it had been difficult to gauge in advance, had become apparent, and it was possible to reduce the budget provision for 1925-26 to Rs. 56·25 crores net.

Further reductions have been made in subsequent budgets. The following table brings out the results achieved from 1922-23 at a glance :—

Net expenditure on Military Services.

(In crores of rupees.)

—	1922-23.	1923-24.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
Budget Estimate .	67·75	62·00	60·25	56·25	54·88	54·92	55·10	55·10	54·35	52·00
Revised Estimate .	67·09	59·74	56·33	56·28	55·55	54·92	55·10	55·10	54·30	
Actual expenditure.	65·27	56·23	55·63	56·00	55·97	54·79	55·10	55·10		

5. In each year from 1923-24, the expenditure is well below the Retrenchment Committee's figure of Rs. 57 crores. It will be realised that, with the heavy commitments for expenditure in England which are provided for in the Military estimates, a considerable part of the reduction below Rs. 57 crores is attributable to the present rate of exchange, the Retrenchment Committee having worked on a basis of 1*s.* 4*d.*=1 Re. ; but certain additions have been made to the Military Budget of which the Retrenchment Committee did not take cognisance, *i.e.*, the provision of over half-a-crore of rupees for the revision of pay and grant of free passages to officers of the Army, and the transfer to Military estimates from the civil estimates of certain expenditure estimated in 1931-32 at Rs. 38 lakhs which is more properly accounted for under the former. The transfers which have been taken into account in the Budget for 1931-32 are shown below :—

	(Thousands of rupees.)
(1) Payments to Telegraph Department for care of Army stores	34
(2) Customs duty	23,81
(3) Printing and Stationery	15,40
(4) Payments from the compassionate fund to personnel employed in the Military Department . . .	15
	39,70

On the other hand, the following items have been transferred from the military to the civil estimates :—

(1) Establishment of the Deputy Financial Adviser Royal Air Force	43
(2) Establishment of the Budget Section, Military Finance .	42
(3) Charges for the Nepal escort	49
(4) Charges for the Perim Light-House and Coal Depots at Basidu and Bushire	24
	1,58
Net credit to military	38,12

6. In the Memorandum on Military Estimates for 1930-31 it was stated that the original arrangement for the stabilisation of the Military Budget for a period of four years beginning with the year 1928-29 at a figure of 55 crores had been slightly altered by extending the period of stabilisation by one year and reducing the figure to 54·20 crores, exclusive of the amount allotted for the expansion of the Territorial Forces. According to that arrangement the budget estimate for the year 1931-32 should have been fixed at 54·20 crores *plus* an allotment for the expansion of the Territorial Forces, but owing to the present financial situation, it has been decided to make a reduction of 2·30 crores in the Military Budget. This decision includes the extension of the period of stabilisation for yet another year on a further reduced annual figure of 53·63 crores. Thus the Budget for 1931-32 stands at 51·90 crores *plus* an allotment of 10 lakhs for the expansion of the Territorial Forces. Any savings which may accrue within the total amount granted for military expenditure, exclusive of savings in the allotment for expansion of the Territorial Forces, will be carried to a Suspense Account " Military Reserve Fund " which may be drawn upon for expenditure in later years. As stated in previous Memoranda, this arrangement has been adopted to enable the military authorities, first, to carry out a programme of mechanisation and modernisation of equipment necessitated by recent developments in military organisation and, secondly, to repair certain deficiencies in equipment.

In accordance with this arrangement, the revised estimates for 1930-31 stand at 54·30 crores after surrendering to general revenues Rs. 5 lakhs, the savings anticipated in the original allotment of Rs. 15 lakhs for the expansion of the Territorial Forces. It was found possible in the current year to allot a sum of about 2 crores for expenditure on the military programme referred to above and it is anticipated that after meeting the normal charges for the maintenance of the military services in 1931-32 about 1 crore will be available for the same purpose.

7. The following is a brief summary of the main points affecting the major heads of the estimates. The variations in detail will be found described against each head in the volume of detailed estimates.

Part A-I.—Pay and allowances and Miscellaneous cash expenditure on the Fighting Services.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1929-30 . . .	19,60,05	13,43	19,46,62
Budget, 1930-31 . . .	18,80,65	11,24	18,69,41
Revised, 1930-31 . . .	18,92,36	13,67	18,78,69
Budget, 1931-32 . . .	18,69,62	16,58	18,53,04

This most important head in the Army Estimates records the pay and other cash charges in the fighting units constituting the Standing Army in India.

The decrease in the estimates for 1931-32 as compared with the estimates for 1930-31 is due mainly to a reduction in the rates of kit and clothing allowances and a receipt of the India's share of the surplus in the Army, Navy and Air Force Insurance Fund, partly counterbalanced by an increase owing to an over-estimate in 1930-31 of the savings which would accrue as a result of a reduction in pay charges of British Troops. The decrease as compared with the Revised estimate for 1930-31 is chiefly due to reduction of pay charges of British Troops, receipt of India's share of the surplus in the Army, Navy and Air Force Insurance Fund and a decrease in charges on account of leave allowances paid by Non-Military Department—the Revised estimate for 1930-31 includes certain arrear payments on this account.

8. *Part A-II.*—Administrative Services.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1929-30 . . .	6,86,72	12,72	6,74,00
Budget, 1930-31 . . .	7,35,47	12,01	7,23,46
Revised, 1930-31 . . .	7,00,78	12,27	6,88,51
Budget, 1931-32 . . .	7,31,74	12,23	7,19,51

The main charges compiled under this head are pay and allowances of the personnel of the Administrative Services.

The variation in the estimate for 1931-32 as compared with that of 1930-31 is small. The apparent increase as compared with the revised estimate for 1930-31 is due chiefly to the elimination in the latter of provision made for new and special measures and of the reserves at the disposal of the Principal Staff Officers, expenditure in connection with which has been distributed to the Heads under which the expenditure is incurred and the estimated unspent balances carried into the suspense account "Military Reserve Fund" for utilisation in future years.

9. *Part A-III.*—Manufacturing Establishments.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1929-30 . . .	3,24,48	2,20	3,22,28
Budget, 1930-31 . . .	2,90,71	4,01	2,86,70
Revised, 1930-31 . . .	2,98,74	1,30	2,97,44
Budget, 1931-32 . . .	3,21,00	68,76	2,52,24

Under this head are recorded the expenses of Medical Store Depots Bakeries, Butcheries, Ordnance and Clothing Factories, Grass Farms and Dairy Farms which are all treated as producing and manufacturing formations in the Army.

The decrease in the estimates for 1931-32 as compared with 1930-31 is mainly due to reduction in the volume of orders placed on the factories in connection with reorganisation measures owing to a smaller sum being available for military expenditure. Other contributory causes are fall in prices and lesser expenditure on grass farms owing to requirements of fodder being reduced owing to mechanisation.

10. *Part A-IV.*—Army Headquarters, Staff of Commands, etc.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1929-30 . . .	2,13,80	5	2,13,75
Budget, 1930-31 . . .	2,15,39	6	2,15,33
Revised, 1930-31 . . .	2,17,19	16	2,17,03
Budget, 1931-32 . . .	2,16,96	54	2,16,42

The variation in the estimate for 1931-32 as compared with that for 1930-31 is very small and does not, therefore, call for any remarks.

11. *Part A-V.*—Purchase and Sale of Stores, Equipment and Animals.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1929-30 . . .	6,43,66	1,45,74	4,97,92
Budget, 1930-31 . . .	5,75,36	1,52,61	4,22,75
Revised, 1930-31 . . .	5,43,74	1,41,87	4,01,87
Budget, 1931-32 . . .	4,87,06	1,26,87	3,60,19

The decrease in the estimate for 1931-32 is due partly to a fall in the prices of certain commodities and partly to a decrease in orders for stores owing to the reduction of the military budget and the consequent smaller expenditure on the special programme of re-equipment.

12. *Part A-VI.*—Special Services.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1929-30 . . .	11	45	—34
Budget, 1930-31 . . .	12	..	12
Revised, 1930-31 . . .	12	8	4
Budget, 1931-32 . . .	11	1	10

The charges compiled under this head are for the extra expenditure incurred on troops on the Tibet frontier.

13. *Part A-VII.*—Transportation, Conservancy, Hot Weather Establishments and Miscellaneous Charges and Receipts.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1929-30 . . .	3,47,63	53,76	2,93,87
Budget, 1930-31 . . .	3,34,87	22,60	3,12,27
Revised, 1930-31 . . .	3,20,77	30,99	2,89,78
Budget, 1931-32 . . .	3,24,93	24,84	3,00,09

The decrease in budget estimate for 1931-32 as compared with that for 1930-31 occurs mainly under transportation charges and is due to economies The increase as compared with the revised estimate, 1930-31, is on account of a reduction in receipts and to an increase in the cost of sea transport. The revised estimate for 1930-31 includes an abnormal credit from the sale of certain railway saloons which are the property of the Army.

14. *Part A-VIII.*—Non-effective charges and receipts.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1929-30 . .	8,53,01	95,65	7,57,36
Budget, 1930-31 . . .	8,51,76	69,27	7,82,49
Revised, 1930-31 . . .	8,55,17	1,01,96	7,53,21
Budget, 1931-32 . . .	8,43,12	95,72	7,47,40

The decrease in budget estimate for 1931-32 as compared with that for 1930-31 is due mainly to credits from His Majesty's Imperial Government as a result of reallocation of the shares of the pensions of officers, etc., between His Maesty's Imperial and the Indian Governments. The decrease in the estimate for 1931-32 as compared with the revised estimate for 1930-31 is due chiefly to the inclusion in the latter of larger provision for mustering out concessions due to reorganisations, exchange on English expenditure and smaller credits from His Majesty's Imperial Government. There were

however, larger receipts from provincial, etc., Governments for their share of pensions paid to officers, etc., of the Army in 1930-31 which partly counterbalanced these increases.

15. *Total Part A.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1929-30 . . .	50,29,46	3,24,00	47,05,46
Budget, 1930-31 . . .	48,84,33	2,71,80	46,12,53
Revised, 1930-31 . . .	48,28,87	3,02,30	45,26,57
Budget, 1931-32 . . .	47,94,54	3,45,55	44,48,99

16. *Part B.*—Auxiliary and Territorial Forces.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1929-30 . . .	79,08	30	78,78
Budget, 1930-31 . . .	96,39	5	96,34
Revised, 1930-31 . . .	89,24	30	88,94
Budget, 1931-32 . . .	91,03	20	90,83

The decrease in the revised estimate and budget estimate for 1931-32 as compared with the budget for 1930-31 is due mainly to the reduction of Rs. 5 lakhs in the grant for expansion of the Territorial Forces.

17. *Part C.*—Royal Air Force.

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1929-30 . . .	2,34,24	2,13	2,32,11
Budget, 1930-31 . . .	2,41,06	1,66	2,39,40
Revised, 1930-31 . . .	2,50,23	2,73	2,47,50
Budget, 1931-32 . . .	2,22,12	1,56	2,20,56

The decrease in budget estimate for 1931-32 as compared with that for 1930-31 is due chiefly to smaller outlay on re-equipment as a result of reduction of the Military Budget and Royal Air Force Works. The decrease as compared with the revised estimate for 1930-31 is mainly due to smaller provision in the Budget for 1931-32 for re-equipment and also to the fact that the revised estimate included expenditure incurred on operations on the North-West Frontier.

18. *Total Army.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1929-30 . . .	53,42,78	3,26,43	50,16,35
Budget, 1930-31 . . .	52,21,78	2,73,51	49,48,27
Revised, 1930-31 . . .	51,68,34	3,05,33	48,63,01
Budget, 1931-32 . . .	51,07,69	3,47,31	47,60,38

19. *Marine.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1929-30 . . .	82,62	14,83	67,79
Budget, 1930-31 . . .	90,32	21,36	68,96
Revised, 1930-31 . .	92,19	22,26	69.93
Budget, 1931-32 .	84,22	14,82	69,40

The variation in the net expenditure in 1931-32 as compared with the budget and revised, 1930-31, is inconsiderable. The variation in gross expenditure and receipts is due to lesser expenditure on account of developments in connection with reorganisation which is met from the sale proceeds of the Kidderpore Dockyard.

20. *Military Engineer Services.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1929-30 . . .	4,69,28	56,83	4,12,45
Budget, 1930-31 . . .	4,84,98	41,14	4,43,84
Revised, 1930-31 . . .	4,85,28	34,71	4,50,57
Budget, 1931-32 . . .	4,55,66	56,68	3,98,98

The reduction in the estimate for 1931-32 as compared with the estimate for 1930-31 is due to the fact that the programme for works has had to be curtailed owing to less money being available for military expenditure. The increase in receipts is due to larger credits anticipated from the land sales suspense account. To this account are credited all realisations from the disposal of lands and buildings surplus to requirements.

21. *Transfers to or from Military Reserve Fund.*

(In thousands of Rs.)

	Gross Expenditure.	Receipts.	Net.
Actuals, 1929-30 . . .	13,41	..	13,41
Budget, 1930-31 . . .	..	26,07	—26,07
Revised, 1930-31 . . .	46,49	..	46,49
Budget, 1931-32 . . .	..	28,76	—28,76

This head was opened as a result of the stabilisation of military budget estimates whereby any savings in one year may be transferred to a suspense head for utilisation in a future year. The saving is charged to military expenditure by credit to a suspense account "Military Reserve Fund" and when the money is taken out in a future year to meet expenditure the "Military Reserve Fund" is debited and the Military Estimates are credited. The saving credited to the "Military Reserve Fund" in 1929-30 was Rs. 13·41 lakhs.

In the estimates for 1930-31, a credit of Rs. 26·07 lakhs from the "Military Reserve Fund" was allowed for, but owing to savings, chiefly as a result of fall in prices, it was not necessary to utilise this credit. It is anticipated that at the end of the current year a sum of Rs. 46·49 lakhs will be transferred to the Military Reserve Fund. This is not a free balance of savings but consists largely of amounts earmarked to cover the cost of specific commitments which will have to be met in subsequent years.

In the estimates for 1931-32 a credit of Rs. 28·76 lakhs has been taken by transfer from the suspense account "Military Reserve Fund" which represents the realised savings of 1928-29, *viz.*, Rs. 26·07 lakhs *plus* Rs. 2·69 lakhs being a portion of the realised savings in 1929-30.

22. Statements are appended to this Memorandum which give actual and estimated gross and net expenditure figures from 1927-28 under Army, Marine, Military Engineer Services, Transfers to or from Military Reserve Fund and also the totals.

23. If Honourable Members desire any further information on the details of the Military Budget, they are invited to obtain it by personal request to the Financial Adviser, Military Finance.

NEW DELHI: A. MACLEOD,

The 30th March 1931. *Financial Adviser, Military Finance.*

ARMY.

	Actuals, 1927-28.	Actuals, 1928-29.	Actuals, 1929-30.	1930-31. Budget.	1930-31. Revised.	Budget, 1931-32.
EXPENDITURE.						
India—						
Part A.—Standing Army.						
Effective Services.						
Pay and allowances and Miscellaneous cash expenditure of the fighting services . . . R	16,11,88,376	16,19,21,237	16,01,33,629	15,24,70,000	15,41,81,000	15,19,11,000
Administrative services . . R	5,92,54,415	6,28,77,053	6,43,06,670	6,92,55,000	6,59,00,000	6,88,62,000
Manufacturing establishments . R	2,72,26,658	2,67,80,484	2,44,50,971	2,27,63,000	2,29,51,000	2,64,64,000
Army Headquarters, Staff of Commands, etc. . . . . R	2,02,16,412	1,94,66,467	2,00,98,799	2,03,13,000	2,04,75,000	2,04,09,000
Purchase and sale of stores, equipment and animals . . . R	3,70,15,920	4,95,20,975	4,81,51,728	4,52,11,000	4,04,64,000	3,92,71,000
Special services . . . . R	87,594	—25,122	10,792	12,000	12,000	11,000
Transportation, conservancy, anti-malarial measures, hot weather establishments and miscellaneous R	3,02,50,740	2,51,01,348	2,37,60,886	2,34,39,000	2,25,36,000	2,24,84,000
TOTAL—*EFFECTIVE* . R	33,5 ,06,115	34,56,42,442	34,69,13,475	33,54,62,000	32,65,25,000	32,84,12,000
Non-Effective Services.						
Non-effective charges . . . R	3,40,42,272	3,54,39,935	3,58,06,175	3,56,71,000	3,66,91,000	3,56,37,000
Part B.—Auxiliary and territorial forces—Effective . . . R	82,68,784	80,44,524	79,08,272	96,30,000	89,24,000	91,03,000
Part C.—Royal Air Force { Effective . . R	1,05,61,900	1,13,46,637	1,07,39,351	1,23,19,000	1,12,70,000	1,20,24,000
Part C.—Royal Air Force { Non-Effective . R	1,284	23,729	27,756	30,000	30,000	60,000
TOTAL, PART C . R	1,05,63,184	1,13,70,366	1,07,67,107	1,23,49,000	1,13,00,000	1,20,84,000
TOTAL INDIA. { Effective . . R	35,41,36,799	36,50,33,603	35,95,61,098	35,54,20,000	34,67,19,000	34,95,39,000
TOTAL INDIA. { Non-Effective . R	3,40,43,563	3,54,63,714	3,58,33,931	3,57,01,000	3,67,21,000	3,56,97,000
R	38,81,80,362	40,04,97,317	39,53,95,029	39,11,21,000	38,34,40,000	38,52,36,000
EXPENDITURE.						
England—						
Part A.—Standing Army.						
Effective Services.						
Pay and allowances and miscellaneous cash expenditure of the Fighting Services . . £	2,778,228	2,862,159	2,690,392	2,669,625	2,629,125	2,628,825
Administrative services . £	375,973	289,858	327,374	321,900	312,900	323,400
Manufacturing establishments £	700,519	514,318	599,783	473,100	519,225	422,700
Army Headquarters, Staff of Commands, etc. . . . . £	74,543	79,320	96,084	92,025	93,300	96,525
Purchase and sale of stores, equipment and animals . . £	684,109	1,026,044	1,216,031	924,375	1,043,250	782,625
Carried over { £	4,614,373	4,765,629	4,929,674	4,481,025	4,597,800	4,254,075
Carried over { R	38,81,80,362	40,04,97,317	39,53,95,029	39,11,21,000	38,34,40,000	38,52,36,000

ARMY—*concld.*

		Actuals, 1927-28.	Actuals, 1928-29.	Actuals, 1929-30.	1930-31. Budget.	1930-31. Revised.	Budget, 1931-32.
Brought forward	R	38,81,80,362	40,04,97,317	39,53,95,039	39,11,31,000	38,34,40,000	38,53,36,000
	£	4,614,673	4,765,629	4,929,674	4,481,025	4,597,800	4,254,975
Special services	£	17,106	1,256	12	...	...	...
Transportation, conservancy, anti-malarial measures, hot weather establishments and miscellaneous	£	491,349	606,238	825,156	753,600	715,575	750,675
TOTAL—*EFFECTIVE*	£	5,123,128	5,373,123	5,754,842	5,234,625	5,313,375	5,004,750
Non-Effective Services.							
Non-effective charges	£	3,597,814	3,647,947	3,712,131	3,712,875	3,661,950	3,650,625
Part C.—Royal Air Force—Effective	£	455,854	661,459	934,033	866,175	1,009,725	749,100
Non-Effective	£	15,800	14,800	15,200	15,600	19,500	19,500
TOTAL, PART C		471,654	676,259	949,233	881,775	1,029,225	759,600
TOTAL ENGLAND	£	9,192,596	9,697,329	10,416,196	9,829,275	10,004,550	9,414,975
TOTAL ENGLAND—Effective	R	7,43,86,426	8,04,61,090	8,91,84,993	8,13,44,000	8,43,08,000	7,65,93,000
TOTAL ENGLAND—Non-Effective	R	4,81,81,529	4,88,36,630	4,96,97,621	4,97,13,000	4,90,86,000	4,89,35,000
	R	12,25,67,955	12,92,97,720	13,88,82,614	13,10,57,000	13,33,94,000	12,55,33,000
TOTAL EXPENDITURE—Effective	R	42,85,23,225	44,54,94,693	44,87,46,691	43,67,64,000	43,10,27,000	42,61,37,000
TOTAL EXPENDITURE—Non-Effective	R	8,22,25,092	8,43,00,344	8,55,31,552	8,54,14,000	8,58,07,000	8,46,32,000
	R	51,07,48,317	52,97,95,037	53,42,77,643	52,21,78,000	51,68,34,000	51,07,69,000
REVENUE.							
India—Effective	R	41,08,003	1,77,24,350	1,96,42,372	1,75,12,000	1,70,90,000	2,17,02,000
India—Non-Effective	R	16,21,854	17,90,834	28,83,636	18,74,000	20,27,000	18,68,000
India—TOTAL	R	57,29,857	1,95,15,184	2,25,26,008	1,93,86,000	1,91,17,000	2,35,70,000
England	£	349,197	532,405	758,791	597,375	656,250	837,075
Effective	R	26,10,057	35,62,477	34,36,131	29,12,000	32,47,000	34,57,000
Non-Effective	R	20,45,907	35,36,263	66,81,094	50,53,000	81,69,000	77,04,000
TOTAL	R	46,55,964	70,98,740	1,01,17,215	79,65,000	1,14,16,000	1,11,61,000
TOTAL REVENUE—Effective	R	67,18,060	2,12,86,827	2,30,78,493	2,04,24,000	2,03,37,000	2,51,59,000
TOTAL REVENUE—Non-Effective	R	36,67,761	53,27,097	95,64,730	69,27,000	1,01,96,000	95,72,000
TOTAL REVENUE—TOTAL	R	1,03,85,821	2,66,13,924	3,26,43,223	2,73,51,000	3,05,33,000	3,47,31,000
NET EXPENDITURE—India	R	38,24,50,505	38,09,82,133	37,28,69,021	37,17,35,000	36,43,23,000	36,16,66,000
NET EXPENDITURE—England	R	11,79,11,991	12,21,98,960	13,87,65,399	12,30,92,000	12,19,78,000	11,43,72,000
NET EXPENDITURE—Effective	R	42,18,05,165	42,42,07,866	42,56,67,598	41,63,40,000	41,06,90,000	40,09,78,000
NET EXPENDITURE—Non-Effective	R	7,85,57,331	7,89,73,247	7,59,06,822	7,84,87,000	7,56,11,000	7,50,60,000
NET EXPENDITURE—TOTAL	R	50,03,62,496	50,31,81,113	50,16,34,420	49,48,27,000	48,63,01,000	47,60,38,000

MARINE.

		Actuals, 1927-28.	Actuals, 1928-29.	Actuals, 1929-30.	1930-31. Budget.	1930-31. Revised.	Budget, 1931-32.
EXPENDITURE.							
India	R	47,20,159	53,98,683	51,97,295	60,75,000	63,23,000	54,74,000
England	£	218,736	209,109	229,865	2,21,775	217,200	221,100
	R	29,16,481	27,88,120	30,64,857	29,57,000	28,86,000	29,48,000
Total Expenditure	R	76,36,640	81,86,803	82,62,152	90,32,000	92,19,000	84,22,000
REVENUE.							
India	R	14,75,272	13,60,709	14,73,314	21,36,000	21,86,000	14,78,000
England	£	...	180	728	...	3,000	300
	R	...	2,397	9,705	...	40,000	4,000
Total Revenue	R	14,75,272	13,63,106	14,83,019	21,36,000	22,26,000	14,82,000
NET EXPENDITURE. India	R	32,44,887	40,37,974	37,23,981	39,39,000	41,37,000	39,96,000
NET EXPENDITURE. England	R	29,16,481	27,85,723	30,55,152	29,57,000	28,56,000	29,44,000
NET EXPENDITURE. TOTAL	R	61,61,368	68,23,697	67,79,133	68,96,000	69,93,000	69,40,000

MILITARY ENGINEER SERVICES.

		Actuals, 1927-28.	Actuals, 1928-29.	Actuals, 1929-30.	1930-31. Budget.	1930-31. Revised.	Budget, 1931-32.
EXPENDITURE.							
India	R	4,46,85,677	4,39,79,608	4,64,76,282	4,80,56,000	4,80,14,000	4,50,97,000
England	£	24,320	27,695	33,858	33,150	38,550	35,175
	R	3,24,259	3,69,266	4,51,444	4,42,000	5,14,000	4,69,000
TOTAL	R	4,50,09,936	4,43,48,874	4,69,27,726	4,84,98,000	4,85,28,000	4,55,66,000
REVENUE.							
India	R	35,88,219	59,60,421	56,82,501	41,14,000	34,70,000	56,68,000
England	£	...	...	...	...	75	...
	R	...	...	...	...	1,000	...
TOTAL	R	35,88,219	59,60,421	56,82,501	41,14,000	34,71,000	56,68,000
NET EXPENDITURE. India	R	4,10,97,458	3,80,19,187	4,07,93,781	4,39,42,000	4,45,44,000	3,94,29,000
NET EXPENDITURE. England	R	3,24,259	3,69,266	4,51,444	4,42,000	5,13,000	4,69,000
NET EXPENDITURE. TOTAL	R	4,14,21,717	3,83,88,453	4,12,45,225	4,43,84,000	4,50,57,000	3,98,98,000

TRANSFERS TO OR FROM MILITARY RESERVE FUND.

		Actuals, 1927-28.	Actuals, 1928-29.	Actuals, 1929-30.	1930-31. Budget.	1930-31. Revised.	Budget, 1931-32.
EXPENDITURE.							
India	₹	...	26,06,737	13,41,222	...	46,49,000	...
England	₹	...	...	...	...	...	...
Total Expenditure	₹	...	26,06,737	13,41,222	...	46,49,000	...
REVENUE.							
India	₹	...	...	...	26,07,000	...	28,76,000
England	₹	...	...	...	...	...	...
Total Receipts	₹	...	...	...	26,07,000	...	28,76,000
NET EXPENDITURE. India	₹	...	26,06,737	13,41,222	—26,07,000	46,49,000	—28,76,000
NET EXPENDITURE. England	₹	...	...	...	...	...	...
NET EXPENDITURE. Total	₹	...	26,06,737	13,41,222	—26,07,000	46,49,000	—28,76,000

TOTAL MILITARY SERVICES: SUMMARY.

		Actuals, 1927-28.	Actuals, 1928-29.	Actuals, 1929-30.	1930-31. Budget.	1930-31. Revised.	Budget, 1931-32.
EXPENDITURE.							
India	₹	43,75,86,196	45,24,82,345	44,84,09,826	44,52,52,000	44,24,26,000	43,58,07,000
England	£	9,435,652	9,934,133	10,679,919	10,084,200	10,260,300	9,671,250
	₹	12,58,08,695	13,24,55,106	14,23,98,915	13,44,56,000	13,68,04,000	12,89,50,000
Total Expenditure	₹	56,33,94,893	58,49,37,451	59,08,08,743	57,97,08,000	57,92,30,000	56,47,57,000
REVENUE.							
India	₹	1,07,93,348	2,68,36,314	2,96,81,823	2,82,43,000	2,47,73,000	3,35,92,000
England	£	349,197	532,585	759,519	5,97,375	859,275	837,375
	₹	46,55,964	71,01,137	1,01,26,920	79,65,000	1,14,57,000	1,11,65,000
Total Receipts	₹	1,54,49,312	3,39,37,451	3,98,08,743	3,62,08,000	3,62,30,000	4,47,57,000
NET EXPENDITURE. India	₹	42,67,92,850	42,56,46,031	41,87,28,005	41,70,09,000	41,76,53,000	40,22,15,000
NET EXPENDITURE. England	₹	12,11,52,731	12,53,53,969	13,22,71,995	12,64,91,000	12,53,47,000	11,77,85,000
NET EXPENDITURE. Total	₹	54,79,45,581	55,10,00,000	55,10,00,000	54,35,00,000	54,30,00,000	52,00,00,000

APPENDIX III.

Statement showing the details of the Budget Proposals relating to Customs and Excise duties and their financial effect.

Description of articles liable to change in substantive rates of duty.	Present rate of duty.	Proposed rate of duty.	Additional yield in lakhs of rupees.
Customs duties.			
ALE, beer, porter, cider and other fermented liquors.	8 annas per gallon	12 annas per gallon if in barrels or other containers containing 27 oz. or more. 2 annas per bottle containing less than 27 oz. but not less than 20 oz. 1 anna per bottle containing less than 13½ oz. but not less than 10 oz. ½ anna per bottle containing less than 6¾ oz. but not less than 5 oz. Re. 1 per gallon, if in other containers.	7
SPIRITS (other than denatured spirit)—			
(1) Brandy, gin, rum, whisky and other sorts of spirits not otherwise specified, including wines containing more than 42 per cent. of proof spirit.	Rs. 21-14*	Rs. 30*	
(2) Liqueurs, cordials, mixtures, and other preparations containing spirit (other than drugs and medicines)—			
(*i*) entered in such a manner as to indicate that the strength is not to be tested;	Rs. 30 per gallon or 15 per cent. *ad valorem*, whichever is higher.	Rs. 40 per gallon or 15 per cent. *plus* 5 per cent. *ad valorem*, whichever is higher.	51
(*ii*) not so entered	Rs. 21-14*	Rs. 30*	
(3) Drugs and medicines containing spirit—			
(*i*) entered in such a manner as to indicate that the strength is not to be tested;	Rs. 30	Rs. 30	
(*ii*) not so entered	Rs. 21-14*	Rs. 21-14*	
(4) Perfumed spirits	Rs. 36	Rs. 48	

* In these cases the duty is per gallon of the strength of London proof.

Description of articles liable to charge in substantive rates of duty.	Present rate of duty.	Proposed rate of duty.	Additional yield in lakhs of rupees.
WINES, not containing more than 42 per cent of proof spirit—			
(1) champagne and other sparkling wines.	Rs. 9 per gallon	Rs 10·8 per gallon	3
(2) other sorts	Rs. 4·8 per gallon	Rs. 6 per gallon	
SUGAR, excluding confectionery—			
(1) Sugar, crystallised or soft 23 Dutch Standard and above.	Rs. 6 per cwt.	Rs. 7·4 per cwt.	1,16
(2) Sugar, crystallised or soft inferior to 23 Dutch Standard but not inferior to 8 Dutch Standard.	Rs. 5·8 per cwt.	Rs. 6·12 per cwt.	
(3) Sugar, below 8 Dutch Standard and sugar candy.	25 per cent. *ad valorem plus* Re. 1·8 per cwt.	25 per cent. *ad valorem plus* Rs. 2·12 per cwt.	
SILVER bullion *etc.* as specified in Item 43 BB of Schedule II to the Indian Tariff Act, 1894.	4 annas per oz.	6 annas per oz.	75
SPICES	15 per cent. *ad valorem*	30 per cent. *ad valorem*	8
CINEMATOGRAPH films, exposed.	Do.	Do.	3
BETELNUTS	Do.	Do.	23
Excise duty.			
SILVER bullion *etc.* as above	4 annas per oz.	6 annas per oz.	7
		TOTAL	2,93

Description of articles liable to additional duty (References are to Items in Schedule II to the Indian Tariff Act, 1894).	Present rate of duty.	Proposed rate of *additional duty* or method of obtaining it.	Additional yield in lakhs of rupees.
Customs duties.			
FISH, SALTED, wet or dry.	Rate not exceeding Re. 1 per maund as fixed by the Governor-General in Council.	5 per cent. *ad valorem.*	1
CIGARS	75 per cent. *ad valorem.*	15 per cent. *ad valorem.*	15
CIGARETTES . . .	Rs. 7 and Rs. 10-8 per thousand.	Re. 1-8 per thousand .	
All other sorts of TOBACCO manufactured.	Rs. 2-4 per pound .	12 annas per pound .	
KEROSENE ; also any other mineral oil included in Item No. 40.	2 annas 3 pies per gallon.	9 pies per gallon. .	43
MOTOR SPIRIT . .	6 annas per gallon .	2 annas per gallon .	7
MINERAL OIL—			
(1) ordinarily used for the batching of jute or other fibre, as specified in sub-item (1) of Item No. 41;	Rs. 10 per ton. . .	Rs. 2-8 per ton .	8
(2) not ordinarily used for any other purpose than for lubrication, as specified in sub-item (2) of Item No. 41 ;	1 anna 4 pies per gallon	4 pies per gallon	
(3) not ordinarily used except as fuel or for some sanitary or hygienic purposes, as specified in sub-item (3) of Item No. 41.	7½ per cent. *ad valorem.*	2½ per cent. *ad valorem.*	
All ARMS, and other articles included in Item No. 42.	Varying rates subject to minimum of 30 per cent. *ad valorem.*	10 per cent. *ad valorem.*	1
MOTOR CARS, motor cycles and other articles included in Item No. 42A.	20 per cent. *ad valorem.*	10 per cent. *ad valorem.*	30
ARTIFICIAL SILK YARN and THREAD,	7½ per cent. *ad valorem.*	2½ per cent. *ad valorem.*	1
SILK MIXTURES, all sorts included in Item No. 45A.	20 per cent. *ad valorem.*	7½ per cent. *ad valorem.*	1

Description of articles liable to additional duty (References are to Items in Schedule II to the Indian Tariff Act, 1894).	Present rate of duty.	Proposed rate of *additional duty* or method of obtaining it.	Additional yield in lakhs of rupees.
PORTLAND CEMENT (excluding white portland cement).	Rs. 9 per ton	Rs. 2 per ton	2
All articles for the time being included in Part IV of the Second Schedule.	10 per cent. *ad valorem*.	2½ per cent. *ad valorem*.	12
All articles for the time being included in Part V of the Second Schedule, excluding "raw hemp" comprised in Item No. 78.	15 per cent. *ad valorem*.	5 per cent. *ad valorem*.	2,63
All articles for the time being included in Part VI of the Second Schedule, except—	30 per cent *ad valorem*.	10 per cent. *ad valorem*.	30
(1) the following SPICES, namely— Cardamoms, cassia, cinnamon, cloves, nutmegs and pepper;			
(2) CINEMATOGRAPH FILMS, exposed; and			
(3) BETELNUTS.			
COTTON PIECE-GOODS—all sorts included in Item No. 156A.	15 per cent. and 20 per cent. *ad valorem*, with minimum of 3½ annas per pound in certain cases.	The figures for the rates of the *ad valorem* duties shall be deemed to be increased by 5 in each case.	90
Excise duties.			
Kerosene	1 anna 6 pies per gallon.	9 pies per gallon	52
Motor Spirit	6 annas per gallon.	2 annas per gallon	83
		TOTAL	6,39
		GRAND TOTAL	9,32

APPENDIX IV.

Statement showing the details of the Budget Proposals relating to Taxes on Income and their financial effect.

Income in Rs.	Rate of tax in pies per rupee.		Additional yield in lakhs of rupees.
	Present.	Proposed.	
INCOME-TAX.			
In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—			
1 — 1,999 . . .	..	..	
2,000 — 4,999 . . .	5	6	
5,000 — 9,999 . . .	6	9	
10,000 — 14,999 . . .	9	12	
15,000 — 19,999 . . .	10	16	Gross . 3,87 Refunds 38
20,000 — 29,999 . . .	13	19	Net 3,49
30,000 — 39,999 . . .	16	23	
40,000 — 99,999 . . .	19	25*	
1,00,000 or upwards . . .	19	26	
In the case of every company and registered firm, whatever its total income.	19	26	

*It may appear at first sight that under the new scheme the rates of increase on incomes above Rs. 30,000 are made in an anomalous fashion, but it will be found from the next statement that, when the effects of super-tax are also taken into account, the percentages of the increase rise in a fairly steady proportion and that the final result is an evenly graduated scale.

Income in Rs.	Rate of tax in pies per rupee.		Additional yield in lakhs of rupees.
	Present.	Proposed.	
SUPER-TAX.			
Excess over 30,000 only.			
In the case of every company—			
First 20,000	..	..	
Remainder	12	12	
In the case of every Hindu undivided family—			
First 45, 000	..	..	
Next 25,000	13	15	
In the case of every individual, unregistered firm and other association of individuals not being a registered firm or a company—			
First 20,000	..	9	
Next 50,000	13	15	
In the case of every individual, Hindu undivided family, unregistered firm and other association of individuals not being a registered firm or a company—			46
Next 50,000	19	21	
Do.	25	27	
Do.	31	33	
Do.	37	39	
Do.	43	45	
Do.	49	51	
Do.	55	57	
Do.	61	63	
Do.	67	69	
Remainder	73	75	
		Total .	3 95

Income.	Present.		Proposed.		Increase.	Percentage of (6) to (1).	Percentage of (5) to (1).
	Rate per rupee.	Tax.	Rate per rupee	Tax.			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	8)
Rs.	Pies.	Rs. a.	Pies	Rs. a.	Rs. a.		
2,000	5	52 1	6	62 8	10 7	·52	3·12
5,000	6	156 4	9	234 6	78 2	1·56	4·69
10,000	9	468 12	12	625 0	156 4	1·56	6·25
15,000	10	781 4	16	1,250 0	468 12	3·12	8·33
20,000	13	1,354 3	19	1,979 3	625 0	3·12	9·83
30,000	16	2,500 0	23	3,593 12	1,093 12	3·64	11·98
Super-tax now begins over Rs. 50,000 but will begin over Rs. 30,000.							
35,000	16	2,916 11	* 23	4,427 1	1,510 6	4·31	12·65
40,000	19	3,958 5	25	5,677 1	1,718 12	4·29	14·19
50,000	19	4,947 15	25	7,447 14	2,499 15	5·00	14·89
1,00,000	* 19	13,281 5	26	18,385 6	5,104 1	5·10	18·39
1,50,000	19	23,177 3	26	30,625 2	7,447 15	4·97	20·42
2,00,000	19	34,635 8	26	44,426 15	9,791 7	4·90	22·21
2,50,000	19	47,656 6	26	59,791 7	12,135 1	4·85	23·92
3,00,000	19	62,239 13	26	76,718 9	14,478 12	4·83	25·57
3,50,000	19	78,385 11	26	95,208 4	16,822 9	4·81	27·20
4,00,000	19	96,094 0	26	1,15,260 1	19,166 1	4·79	28·81
4,50,000	19	1,15,364 14	26	1,36,874 10	21,509 12	4·78	30·42
5,00,000	19	1,36,198 5	26	1,60,051 10	23,853 5	4·77	32·01
5,50,000	19	1,58,594 4	26	1,84,791 1	26,196 13	4·76	33·60
6,00,000	19	1,82,552 5	26	2,11,092 14	28,540 9	4·76	35·18

*Owing to the "slab system", the effective rates of super-tax vary continuously with the amount of income and have not therefore been shown. The income-tax rates only have been shown against income liable to super-tax.

APPENDIX V.

Statement showing the interest-bearing obligations of the Government of India, outstanding at the close of each financial year.

—	31st March 1923.	31st March 1924.	31st March 1925.	31st March 1926.	31st March 1927.	31st March 1928.	31st March 1929.	31st March 1930.	31st March 1931.
INTEREST-BEARING OBLIGATIONS.				(In crores of rupees.)					
In India—									
Loans (*a*)	339·83	358·81	370·38	368·29	374·44	372·25	390·73	405·11	417·85
Treasury Bills in the hands of the public	21·59	2·12	..	..	..	7·59	4·00	36·04	45·00
Treasury Bills in the Paper Currency Reserve	49·65	49·65	49·65	49·65	41·47	31·94	39·15	29·22	5·65
Other Obligations—									
Post Office Savings Banks	23·20	24·79	25·64	27·23	29·51	32·67	34·49	37·13	36·39
Cash Certificates	3·13	8·42	13·12	20·96	26·68	30·70	32·30	35·00	38·20
Provident Funds, etc.	36·17	39·00	42·39	46·36	51·02	55·82	60·52	65·41	70·33
Depreciation and Reserve Funds	..	..	9·08	15·45	20·10	25·48	31·09	30·18	28·87
Provincial Balances (*b*)	2·86	4·17	4·83	11·87	10·49	10·48	10·43	10·21	6·11
Total Loans, etc.	411·07	410·58	420·03	417·94	415·91	411·78	433·88	470·37	468·50
Total Other Obligations	65·36	76·38	95·06	121·87	137·80	155·15	168·83	177·93	174·90
Total in India	476·43	486·96	515·09	539·81	553·71	566·93	602·71	648·30	643·40
In England.—				(In millions of £.)					
			(*c*)	(*e*)					
Loans (*a*)	222·92	244·58	263·39	266·35	265·09	272·32	283·31	289·03	315·97
War Contribution	19·71	19·27	18·81	18·32	17·81	17·28	16·72	16·72	16·72
Capital value of liabilities undergoing redemption by way of terminable railway annuities	61·31	60·10	58·84	57·53	56·19	54·79	53·35	51·86	50·32
India Bills	..	..	..	..	..	..	..	6·00	..
Imperial Bank of India Loan	..	..	..	..	..	..	..	..	4·05
Provident Funds, etc.	·04	·18	·16	·21	·27	·19	·43	2·54	·70
Total in England	303·98	324·03	341·20	342·41	339·36	344·58	353·81	366·15	387·76
				(In crores of rupees.)					
Equivalent at 1*s.* 6*d.* to the Rupee	405·31	432·04	454·93	456·55	452·48	459·44	471·75	488·20	517·01
Total Interest-bearing obligations	881·74	919·00	970·02	996·36	1,006·19	1,026·37	1,074·46	1,136·50	1,160·41
INTEREST-YIELDING ASSETS—									
Capital advanced to Railways	517·22	537·02	(*d*) 578·05	(*f*) 605·61	635·46	668·60	700·69	730·79	745·29
Capital advanced to other Commercial Departments	19·43	20·07	22·00	17·77	19·16	20·73	21·81	22·70	23·41
Capital advanced to Provinces	87·49	97·56	106·43	114·60	120·17	126·34	137·52	142·60	149·14
Capital advanced to Indian States and other interest-bearing loans	8·90	8·93	10·16	11·84	12·11	13·91	15·49	17·65	19·60
Total Interest-yielding assets	633·04	663·58	716·64	749·8	786·90	829·58	875·51	913·74	937·44
Cash, bullion and securities held on Treasury account	44·80	50·47	57·35	51·96	37·48	24·26	28·34	45·36	29·06
Balance of total interest-bearing obligations not covered by above assets	203·90	204·95	196·03	194·58	181·81	172·53	170·61	177·40	193·91

(*a*) These figures represent the nominal amounts of loans outstanding and also include comparatively small amounts of expired loans which do not bear interest.

(*b*) The figures represent those portions of provincial balances which bear interest either because they form part of the old Famine Insurance Fund or the present Famine Relief Fund or because they have been placed with the Government of India on fixed deposit.

(*c*) Includes the liability assumed by the Secretary of State for East Indian Railway Debenture Stock, aggregating £18¼ millions, on the termination of the contract with that Railway on the 1st January 1925. It therefore does not represent any increase in the foreign indebtedness of the country as a whole.

(*d*) Includes 27·07 crores on account of the liability referred to in (*c*) above.

(*e*) Includes the liability assumed by the Secretary of State for the Great Indian Peninsula Railway Debenture Stock, aggregating £3¼ millions, on the termination of the contract with that Railway on the 1st July 1925. *Vide* also last sentence under (*c*) above.

(*f*) Includes 4·88 crores on account of the liability referred to in (*e*) above.

APPENDIX VI.

Statement showing the distribution, as between voted and non-voted, of the gross expenditure of the Central Government as shown in the Budgets presented to the Legislature.

[In lakhs of rupees.]

	1930-31.				1931-32.			
	Voted.	Non-voted.	Total.	Percentage of voted to total.	Voted.	Non-voted.	Total.	Percentage of voted to total.
Expenditure charged to revenue . . .	1,01,23	1,19,36	2,20,59	46	96,75	1,20,65	2,17,40	45
Expenditure not charged to revenue . .	19,06	2,19	21,25	90	13,25	13	13,38	99
Total Expenditure both charged and not charged to revenue.	1,20,29	1,21,55	2,41,84	50	1,10,00	1,20,78	2,30,78	48

*These figures have been arrived at as follows:—

Expenditure as per Budget Statement . .	1,84,73	1,85,57
Add—Working expenses of—		
(*a*) Railway Department . . .	71,40	67,18
(*b*) Posts and Telegraphs . .	11,54	11,50
(*c*) Irrigation	10	10
Add—Refunds . . .	2,69	3,05
Recoveries included in Civil Works Demand .	8	..
	2,20,59	2,17,40

APPENDIX VII.

PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PREFATORY NOTE.

I.—Scope of pro formâ *account.*

The following *pro formâ* account, with its supporting statements, exhibits the expenditure, initial and annual, on Delhi and the Delhi Province and also any receipts and savings which form a direct set-off to that expenditure. The account has been prepared in consultation with the Auditor General and carries his approval as regards both its form and its substantial completeness at the present date subject to the qualifications implied in the following prefatory remarks.

2. The main item of the account, as regards non-recurring expenditure, is the Delhi project proper, the figures for which appear against item 1 of Part I.—*Initial Outlay.* The principal recurring charge is that representing the expenditure in the new province, which appears as item 1 of Part II—*Annual Expenditure.*

3. The account necessarily exhibits any expenditure occurring under the named heads, without qualification on account of contributory causes. It must, therefore, be clearly understood that the increase of expenditure, including that in the Delhi Province, is not wholly due to the change of Capital. Thus, an increase of the garrison at Delhi on strategic grounds had been already independently and strongly recommended to the Government of India by the Chief of the General Staff and endorsed by His Excellency the Commander-in-Chief in July 1911, before the transfer of the Capital had been officially proposed, and the construction of the accommodation for the troops already there had long been recognised as pressing. Similarly, the recent advance in the policy relating to education and sanitation, particularly the latter, would, under any circumstances, have involved increased expenditure in the city. For practical purposes, these considerations must be ignored in the figured statements, as well as various similar points of minor pecuniary significance.

II.—Relation between the pro formâ *account and the regular accounts.*

4. A brief explanation is added below connecting the various items in the *pro formâ* account with the entries in the published accounts and estimates. Some further explanations are also to be found in the account itself and in its supporting statements.

Item 1 of Part I of *pro formâ* account.

5. The capital expenditure directly incurred on the construction of the new Imperial Capital at Delhi is shown in the regular accounts under the special head "57—Initial Expenditure on the new Capital at Delhi." The only other item of expenditure which will be recorded in the capital section of the regular accounts is that arising from diversions or re-arrangements of the railway system, which will appear under the head "58—State Railways."

Item 3(*b*), *ibid.*

6. The initial expenditure incurred during the years 1911-12 and 1912-13 in connection with the provision of temporary accommodation for the Government of India at Delhi, pending the construction of the new Capital, has been treated, on the advice of the Auditor General, as a revenue charge, under a special minor head styled "Temporary Delhi" subordinate to the major head "41—Civil Works". Any non-recurring receipts which may eventually be obtained in connection with these temporary works, *e.g.*, from the sale of lands and buildings when no longer required by the Government of India, will be similarly credited under a special head subordinate to the major head "XXX—Civil Works".

Item 2, *ibid.*

Item II, *ibid.*

Items 1 and I of Part II of *pro formâ* account.

7. The remaining expenditure is mainly brought to account in one of two ways: either, first, as expenditure of the new Province; or secondly, as departmental expenditure chargeable to the Department in which it is incurred.

8. The expenditure and receipts appertaining to the *quasi*-provincial administration of the Central area are brought to account in the same way as in the case of other minor administrations. It will be noted that any grants which may be specially given from Central revenues in aid of the Delhi Municipality or other local funds will be brought into the regular accounts and consequently, into the *pro formâ* account also, since they will appear as charges of the Delhi administration.

Items 3 (*a*) and III of Part I of *pro formâ* account.

9. Expenditure which does not appertain to provincial administration, is recorded, as in the case of other provinces, under its appropriate departmental head in the regular accounts. Thus expenditure on the land and buildings required for the new Cantonment, and any corresponding receipts, appear under the heads Army and Military Engineer Services, under both of which a special Delhi sub-head has been opened. Railway capital outlay has already been referred to. Railway revenue charges and receipts similarly come under the Railway account head. In these cases, the *pro formâ* account necessarily exhibits only initial expenditure and non-recurring receipts, as Military expenditure is not being permanently increased and the influence of the new Capital on the ordinary daily receipts and working expenses of the Railways cannot evidently be satisfactorily isolated. This latter consideration also applies to the case of Posts and Telegraphs expenditure, which moreover represents ordinary administrative expenditure of the department, and is relatively insignificant in amount. For these reasons, in the case of this department neither the initial outlay nor the recurring receipts and expenditure have been included.

10. There are also a few items of expenditure and of actual receipt or of definite saving which are not recorded in the accounts of the Delhi Province or in the departmental accounts, but which it is necessary to take into consideration in calculating the expenditure on Delhi and the Delhi Province. Most of these are self-explanatory, but attention may be called to the intended treatment of the sale-proceeds of vacated lands and buildings at Calcutta (if any) and elsewhere. These will be credited under the major heads "XXXV—Miscellaneous" and "XXX—Civil Works", and the *pro formâ* account will take credit only for actual Central receipts. No account will be taken, in the statements themselves, of book transactions, or of the considerable savings obtained from the vacation of rented accommodation, *i.e.*, of relief in respect of rental payments which the Local Government obtain by giving up private buildings previously leased for provincial establishments, and moving the latter into offices formerly occupied by the Government of India. Any reference made to such saving will, therefore, be found in an explanatory footnote. [See Part I, Note 5.]

Items 4 to 7 and I and IV of Part I, and Items 2 and II to IV of Part II of *pro formâ* account.

Item I of Part I.

11. Outlay on stores and all other expenditure incurred in England under a capital head or as a revenue charge, which can be distinguished as appertaining to the construction of Delhi or to the administration of the Delhi Province, have been included in the *pro formâ* account.

PRO FORMÁ ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART I.—INITIAL OUTLAY.

[Figures in thousands of rupees.]

Expenditure.	Actuals to end of 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Receipts.	Actuals to end of 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
1. DELHI PROJECT: Capital outlay on Permanent Delhi chargeable to Head "57" (for details see Statement I-A)	14,15,63	51,84	24,72	I.—Receipts on account of Central buildings vacated by the Government of India or attached offices in consequence of the move (a)‖	20,72	1,18	43
2. Temporary Delhi *	54,33	...	...				
3. Initial expenditure of non-Civil Departments:—							
(a) Military services †	1,13,32	2,69	93				
(b) Railways ‡	1,10,10	2,52	31				
4. Non-recurring grant to the Punjab Government in compensation for expenditure incurred on new headquarters buildings for the Commissionership transferred from Delhi	1,36	...	...	II.—Non-recurring receipts on account of Temporary Works	2	...	...
5. Cost of withdrawal to Delhi of Central offices previously located at Calcutta or elsewhere	9,03	3,90	3,73	III.—Recoveries on account of land or buildings vacated in the old Cantonment of Delhi‖	...	...	...
6. Special non-recurring monetary concessions to establishments of the Government of India and attached offices on the occasion of their first move to Delhi	9,88	57	60	IV.—Miscellaneous items	8,46	...	...
7. Miscellaneous items §	11,85	63	67				
TOTAL	17,25,50	62,15	30,96	TOTAL	29,20	1,18	43
Total expenditure to end of 1931-32		18,18,61		Total receipts to end of 1931-32		30,81	
Net expenditure to end of 1931-32		17,87,80					

* NOTE 1.—The head "Temporary Delhi" has been closed from 1st April 1913, subsequent expenditure being treated as part of the expenditure of the Delhi Province—see Part II of Account.

† NOTE 2.—The expenditure included under item 3 (*a*) is that relating to the formation of the new Cantonment. Its details are as follows:—

	To end of 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
Acquisition of land	13,20	...	...
Cost of buildings	91,29	2,68	93
Establishment charges	6,77	1	...
Tools and plants	2,06	...	...
TOTAL	1,13,32	2,69	93

‡ NOTE 3.—The figures relate to charges for the acquisition of land and outlay on railway facilities at Nangal Raya. They include transactions on account of Delhi New Capital Railway Works.

§ NOTE 4.—The expenditure shown against item 7 represents mainly the proportionate cost of the Office of the Accountant General, Central Revenues, (Audit Staff, Delhi Experiments) and the cost of temporary establishments employed in the Secretariats in connection with the change of Capital.

‖ NOTE 5.—These heads record only actual receipts obtained from the sale of the vacated buildings and land. As explained in paragraph 10 of the Prefatory Note, this procedure has the effect of excluding a substantial true saving in respect of rented accommodation. Thus from 1913-14 to 1922-23 the Government of Bengal, by moving their offices into the vacated Central buildings in Calcutta, saved Rs. 7,69,860 partly by being enabled to dispense with private accommodation previously leased, and partly by being relieved from the necessity of renting further accommodation. With effect from 1923-24 rent is being recovered from the Local Government for the occupation of Central buildings at Calcutta and the receipts are being shown under head I.

(*a*) Includes Rs. 19 lakhs on account of value of premises No. 3, Koilaghat Street sold to E. B. Railway and Rs. 20,000 on account of rent receipts.

PRO FORMA ACCOUNT OF EXPENDITURE ON DELHI AND THE DELHI PROVINCE.

PART II.—ANNUAL EXPENDITURE.

[Figures in thousands of rupees.]

Expenditure.	Actuals, 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Receipts.	Actuals, 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
1. Expenditure of Delhi Province* . .	96,17 —31,79(a)	1,00,53	1,15,93	I.—Revenue of Delhi Province * . .	47,44	42,49	39,78
2. Miscellaneous items .	...	...	...	II.—Saving under Calcutta house allowances . .	30	29	30
				III.—Saving under hill journey and travelling allowances and contingencies on account of shorter move of Secretariat and attached offices‡ .	2,50	2,50	2,50
Total expenditure .	64,38	1,00,53	1,15,93	IV.—Miscellaneous items . . .	46	46	46
Net expenditure .	13,68	54,78	72,89	Total receipts .	50,70	45,74	43,04

* NOTE 1.—The details of this item are given in Statement II-A.

(a) *Vide* remarks in footnote marked * (Statement II-A).

‡ NOTE 2.—The figure shown against item III is a minimum figure calculated once for all on the assumption that all offices or portions of offices which previously moved between Calcutta and Simla have subsequently moved regularly between Delhi and Simla. The actual saving throughout has been large owing to certain establishments which previously moved to Calcutta being retained in Simla throughout the cold weather.

STATEMENT I-A.

Details of Capital outlay on the Delhi Project working up to the total figures shown against item 1 in Part I of *pro formâ* account.

[Figures in thousands of rupees.]

Items.	Actuals to end of 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
A.—Pay and allowances—			
(*a*) Preliminary Investigation—			
(i) Gazetted Government servants*	2,04	..	...
(ii) Non-gazetted Government servants	14	..	...
(*b*) Public Works and Electrical officers employed on the Project—			
(i) Gazetted Government servants*	1,15,20	6,31	5,40
(ii) Non-gazetted Government servants	95,13	10,19	9,91
(*c*) Other officers employed on the Project—			
(i) Gazetted Government servants*	6,06	,23	20
(ii) Non-gazetted Government servants	6,16	39	34
B.—Travelling allowances of Officers and Establishment—			
(*a*) Preliminary Investigation—			
(i) Gazetted Government servants*	23	...	...
(ii) Non-gazetted Government servants	2	...	...
(*b*) Public Works and Electrical officers employed on the Project—			
(i) Gazetted Government servants*	9,77	52	49
(ii) Non-gazetted Government servants	6,12	43	45
(*c*) Other officers employed on the Project—			
(i) Gazetted Government servants*	78	3	3
(ii) Non-gazetted Government servants	60	5	4
C.—Supplies, Services and Contingencies—			
(*a*) Preliminary investigation	51	...	...
(*b*) Public Works and Electrical officers employed on the Project	8,89	70	68
(*c*) Other officers employed on the Project	50	2	2
Total A, B and C	2,52,15	18,87	17,56
Deduct—Credits from other heads of accounts	*68,84*	*9,27*	*11,07*
Net total A, B and C (carried over)	1,83,31	9,60	6,49

*NOTE—The town planners and other experts are included under this head.

Details of Capital outlay on the Delhi Project working up to the total figures shown against item 1 in Part I of *pro formâ* account—*contd.*

[Figures in thousands of rupees.]

Items.	Actuals to end of 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
Net total A, B, C. (brought forward)	1,83,31	9,60	6,49
D.—Works Expenditure—			
(i) Buildings—			
(*a*) Government House	1,70,57	12,22	1,05
(*b*) Secretariats	1,84,36	43	50
(*c*) Other buildings	2,60,26	27,76	15,90
(*d*) Legislative Chambers	88,02	97	35
(ii) Communications	30,19	1,75	1,67
(iii) Miscellaneous Public Improvements	21,49	40	50
(iv) Electric Light and Power	63,35	3,75	3,92
(v) Irrigation	41,47	96	69
(vi) Sanitation including water supply, drainage and sewage	1,16,24	5,09	3,83
(vii) Purchase of tools and plant	94,68	48	12
(viii) Stock and Suspense	25,57	—2,49	—7,75
(ix) Miscellaneous items	91,37	1,56	1,48
(x) Maintenance during construction	91,90	3,35	2,70
(xi) Railway diversion	13,79	...	...
E.—Acquisition of land	34,17	...	19
F.—Other Miscellaneous expenditure	6	3,01	—39
G.—*Minus* Unallotted Reserve	...	—5,00	5,07
Deduct—Receipts on Capital Account	*95,17*	*12,00*	*11,00*
TOTAL	14,15,63	51,84	24,72

STATEMENT II-A.

Revenue and Expenditure of Delhi and Delhi Province.

[Figures in thousands of rupees.]

Receipts.				Expenditure.			
Major Heads of Account.	Actuals, 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.	Major Heads of Account.	Actuals, 1929-30.	Revised Estimate, 1930-31.	Budget Estimate, 1931-32.
I.—Customs	...	...	...	2. Taxes on Income	68	87	85
II.—Taxes on Income	11,40	8,99	6,67	5. Land Revenue	66	64	66
				6. Excise	3,66	3,69	3,68
IV.—Opium	...	...	...	7. Stamps	10	8	10
V.—Land Revenue	2,67	2,74	2,69	8. Forests	10	11	8
				9. Registration	4	4	5
VI.—Excise	9,77	5,33	5,06	15. Miscellaneous Irrigation Expenditure.	2	3	5
VII.—Stamps	7,51	7,20	7,20	22. General Administration	3,83	4,23	4,39
IX.—Registration	52	47	47	23. Audit	29	27	29
XIV.—Irrigation works for which no Capital Account is kept	...	1	1	24. Administration of Justice	2,57	2,70	2,67
				25. Jails and Convict Settlements	1,51	2,06	1,73
XVI.—Interest	23	14	14	26. Police	9,95	13,19	11,62
XVII.—Administration of Justice	38	45	45	28. Ecclesiastical	19	22	22
				29. Political	13	14	22
XVIII.—Jails and Convict Settlements	21	14	14	31. Education	9,40	10,11	9,97
				32. Medical	5,57	5,26	5,32
XIX.—Police	33	32	32	33. Public Health	1,84	2,09	2,07
XXI.—Education	56	49	49	34. Agriculture	60	71	70
				35. Industries	27	33	32
XXII.—Medical	20	20	19	37. Miscellaneous Departments	3	4	4
XXIII.—Public Health	8	78	8	38. Currency	11	13	17
				41. Civil Works—Delhi Province	43,85	41,56	59,17
XXIV.—Agriculture	5	5	5	Civil Works—Viceregal Estates, Delhi	1,85	4,55	4,75
XXV.—Industries	7	5	3				
XXVI.—Miscellaneous Departments	15	13	13	44. Territorial and Political Pensions	49	50	50
XXX.—Civil Works	8,98	12,73	12,73	45. Superannuation Allowances and Pensions	3,25	3,39	3,28
XXXIII.—Receipts in aid of Superannuation	2,52	12	12	46. Stationery and Printing	4	6	5
XXXIV.—Stationery and Printing	8	9	9	47. Miscellaneous	3,63	3,86	3,22
XXXV.—Miscellaneous	1,73	2,06	1,82	60B. Commuted value of pensions	1,51	—24	—24
Total	47,44	42,49	39,78	Total	96,17 —31,79*	1,00,52	1,15,93

*Represents write-back of charges of interest on public debt, paid at the Delhi Treasury and erroneously included in the *Pro forma* Accounts of the Delhi Province for the years 1926-29 to 1930-31.

Appendix VIII.

COMMERCIAL AND FINANCIAL STATISTICS.

Appen

COMMERCIAL AND

	1922-23.	1923-24.	1924-25.	1925-26.
	Rs.	Rs.	Rs.	Rs.
Recorded revenue compared with recorded expenditure excluding capital expenditure not charged to Revenue—				
Surplus	..	2,38,99,758	5,68,25,698	3,31,18,187
Deficit	15,01,76,392	..	..	..
Capital Expenditure on Railways and Irrigation works not charged to Revenue.	18,45,67,524	20,80,11,576	13,46,94,254	19,23,53,255
Capital charge involved in the purchase of Railways.	..	..	..	3,42,73,880
Capital outlay on the Posts and Telegraphs Department not charged to Revenue.	65,62,006	75,21,560	1,17,55,881	2,23,54,139
Capital outlay on Light-houses and Light-ships.	..	..	..	..
Capital outlay on Vizagapatam Port and Security Printing not charged to Revenue.	..	..	..	81,16,371
Initial Expenditure on New Capital at Delhi.	1,84,79,432	1,54,73,652	1,42,18,868	99,06,184
Commuted value of pensions not charged to Revenue.	..	..	..	..
Currency Capital outlay	..	..	..	..
Outlay on Bombay Land Scheme	..	..	..	..
Net Public Debt incurred	25,61,19,053	17,67,00,540	9,62,96,934	—4,03,60,226
Value of commodities exported, excluding Gold and Silver.	3,16,07,20,000	3,63,37,60,000	4,00,24,80,000	3,86,81,20,000
Value of commodities imported excluding Gold and Silver.	2,46,19,20,000	2,37,18,40,000	2,53,36,40,000	2,36,00,10,000
Excess of Exports over Imports, excluding Gold and Silver.	69,88,00,000	1,26,19,20,000	1,46,87,90,000	1,50,81,10,000
Net Imports of Gold	41,19,10,000	29,18,70,900	73,92,60,000	34,85,50,000
Net Imports of Silver	18,35,40,000	18,69,80,000	20,07,40 000	17,12,40,000
TOTAL NET IMPORTS OF GOLD AND SILVER.	59,54,50,000	47,88,50,000	94,00,00,000	51,97,90,000
Excess of Exports over Imports including Gold and Silver.	10,33,50,000	78,30,70,000	52,87,90,000	98,83,20,000
Net Imports of Currency Notes*	1,01,70,000	1,64,60,000	3,00,000	(d)—33,00,000
Excess of Exports over Imports including Gold, Silver and Currency Notes.	9,31,80,000	76,66,10,000	52,84,90,000	99,16,20,000
Council Bills and Purchase of sterling. (a)	26,40,026	218,38,705	40,770,162	463,16,500
Rupee Equivalent thereof	3,84,77,840	31,45,48,173	55,33,97,524	61,23,87,682
State of Sterling	..	..	..	..
Rupee Equivalent thereof	..	..	..	..
Silver coined at the Indian Mints	62,75,446	50,00,791	33,25,394	30,73,478

*Recorded from

†Represents net

(a) Includes remittances of the

(b) Figures for 11 months

(c) Net

(d) Net

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FINANCIAL STATISTICS.

1926-27.	1927-28.	1928-29.	1929-30	1930-31 Revised.	1931-32. Budget.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
..	..	..	26,83,598	..	1,06,000
..	..	31,54,002	..	12,68,42,000	..
27,22,07,907	32,48,48,928	25,36,12,112	30,18,89,476	14,50,46,000	11,45,67,000
..	..	3,99,30,676	..	..	..
32,59,130	46,37,947	53,33,185	33,07,339	3,36,000	91,30,000
..	..	..	12,821	..	..
48,36,320	19,28,440	24,47,840	35,97,772	43,18,000	39,24,000
61,63,117	46,57,732	36,64,623	72,72,239	52,00,000	24,72,000
28,85,222	44,26,219	36,09,034	38,08,683	39,51,000	37,38,000
8,66,401	12,94,577	3,37,014	68,632	1,58,000	5,000
..	20,74,500	..	..	2,12,29,000	..
—4,86,34,295	+2,44,27,984	+31,64,15 740	+50,50,22,284	+29,26,95,000	+4,82,02,000
3,11,05,00,000	3,30,26,40,000	3,39,15,10,000	3,18,99,00,000	(b)2,10,54,90,000	
2,40,81,80,000	2,61,52,10,000	2,63,39,80,000	2,49,70,70,000	(b)1,59,36,60,000	
70,23,20,000	68,74,00,000	75,75,30,000	69,28,30,000	(b)51,18,30,000	
19,40,00,000	18,10,00,000	21,20,00,000	14,22,10,000	(b)12,49,50,000	
19,36,80,000	13,83,60,000	9,77,00,000	8,62,10,000	(b)9,82,50,000	
39,26,80,000	31,93,60,000	30,97,00,000	22,84,20,000	(b)22,32,00,000	
30,96,40,000	36,80,40,000	44,78,30,000	46,44,10,000	(b)28,86,30,000	
5,20,000	(d)—17,70,000	(d)—2,90,000	(d)—15,30,000	(d) (b)—2,60,000	
30,91,20,000	36,98,10,000	44,81,20,000	46,59,40,000	(b)28,83,70,000	
2,115,000	28,325,000	30,810,000	15,215,000	5,394,975	33,300,000
2,81,70,083	37,77,30,264	41,02,18,228	20,39,11,720	7,19,33,000	44,40,00,000
1,425,000	..	..	..	6,000,000	
1,92,67,606	..	..	..	8,10,55,409	
50,49,436	10,15,926	52,66,573	1,80,000	(b)18,23,532	

April 1922.
exports of gold.
Currency Department.
(April to February).
imports.
exports.

COMMERCIAL AND

	1922-23.	1923-24.	1924-25.	1925-26.
Maximum price in pence of an oz. troy standard Silver in London.	37⅝ (22nd May).	34 1/16 (3rd and 5th Jan., 13th and 14th Feb.).	36 1/16(9th Oct.).	33 7/16 (5th Sept.).
Minimum price in pence of an oz. troy standard Silver in London.	30⅝ (15th Dec.).	30 11/16 (13th July).	31⅜ (29th Dec.).	30¼ (19th and 22nd Mar.).
Average Exchange per rupee upon Secretary of State's Bills sold and sterling purchased.	1*s.* 4·448*d.*	1*s.* 4·534*d.*	1*s.* 6·028*d.*	1*s.* 6 15*d.*
Average of the daily telegraphic transfer rates from Calcutta on London.	1*s.* 3·76*d.*	1*s.* 4·46*d.*	1*s.* 5·51*d.*	1*s.* 6·08*d.*
Rate of Exchange for the adjustment of transactions between the Indian and Imperial Governments.	1*s.* 3¼*d.*, 1*s.* 3½*d.*, 2*s.* 3½*d.*, 1*s.* 4*d.*, and 1*s.* 4⅛*d.*	1*s.* 4*d.*, 1*s.* 4⅛*d.*, 1*s.* 4¼*d.*, 1*s.* 5*d.*, and 1*s.* 5¼*d.*	1*s.* 4⅛*d.*, 1*s.* 5*d.*, 1*s.* 5⅛*d.*, 1*s.* 5¼*d.* and 1*s.* 6*d.*	1*s.* 6*d.*, 1*s.* 6⅛*d.*
Maximum rate of discount on loans on demand at the Imperial Bank of India.	8 (1st to 26th Apr. and from 11th Jan. to 31st Mar).	9 (14th Feb. to 31st Mar).	9 (1st to 9th Apr).	7 (1st Apr. to 20th May).
Minimum rate of discount on Loans demand at the Imperial Bank of India.	4 (6th July to 25th Oct.).	4 (28th June to 14th Nov.).	4 (31st July to 20th Aug.).	4 (3rd July to 27th Sept.).
Maximum rate of discount at the Bank of England.	4½ (1st to 12th Apr.).	4 (5th July to 31st Mar.).	5 (5th to 31st Mar.).	5 (1st Apr. to 4th Aug. and 3rd Dec. to 31st Mar.).
Minimum rate of discount at the Bank of England.	3 (13th July to 31st Mar.).	3 (1st Apr. to 4th July).	4 (1st Apr. to 4th Mar.).	4 (2nd Oct. to 2nd Dec.).
Maximum Government balance at the Imperial Bank of India. Rs.	33,19,07,090 (28th July).	29,74,54,000 (20th July).	32,18,07,000 (31st July).	28,96,31,000 (29th May).
Minimum Government balance at the Imperial Bank of India. Rs.	8,22,54,000 (10th Nov.).	6,22,69,000 (6th Nov.).	7,43,62,000 (31st Dec.).	4,29,57,000 (11th Dec.).
Maximum price in Calcutta of 5 per cent. War loan, 1929-47.	88—8	93—10	94—14	97—4
Minimum price in Calcutta of 5 per cent. War Loan, 1929-47.	81—6	87—12	92—14	94—13
Maximum price in Calcutta of 5 per cent. income-tax free loan, 1945-55.	93—8	98—14	99—8	101—7
Minimum price in Calcutta of 5 per cent. income-tax free loan, 1945-55.	87	93—2	97	98—13
Maximum price in Calcutta of Government 3½ per cent. Rupee Securities.	61—4 (22nd and 23rd Mar.).	63—3 (8th Ma.)	68—6 (10th July).	73—8 (27th Mar.).
Minimum price in Calcutta of Government 3½ per cent. Rupee Securities.	55—8 (1st to 17th Apr).	61 (3rd to 5th Apr.).	63—4 (13th Sept-).	67—10 (5th May)
Maximum price in Calcutta of 3 per cent. Rupee Securities.	52—8 (22nd and 23rd Mar.).	57—12 (8th Mar.).	58—10 (10th July)	63—14 (25th Mar.).
Minimum price in Calcutta of 3 per cent. Rupee Securities.	47—12 (1st to 18th Apr).	51—14 (3rd to 5th Apr.).	53—8 (18th Sept.)	57—15 (15th to 18th May).

FINANCIAL STATISTICS—*contd.*

1926-27.	1927-28.	1928-29.	1929-30	1930-31 Revised.	1931-32. Budget.
30⅛ (5th May).	27 (6th Dec.)	28¾ (21st May).	25 1/16 (2nd and 11th Apr.).	19 3/16 (23rd April)	
24½ (20th Oct).	24 5/16 (8th, 11th and 22nd Aug.).	25 5/16 (16th Feb).	18 5/16 (5th Mar.)	12½ (6th Feb.)	
1s. 6·02d.	1s. 5·997d.	1s. 6·02d.	1s. 5·709d.	1—5 5/32d.	
1s. 5·902d.	1s. 5·93d.	1s. 5·97d	1s. 5·85d.	1 s. 5.78d.	
1s. 5½d., 1s. 6d. and 1s. 6½d.	1s. 6d.	1s. 6d.	1s. 6d.	1s. 6d.	
7 (10th Feb. to 31st Mar.).	7 (1st Apr. to 1st June, 22nd Dec to 31st Mar.).	8 (14th Feb. to 31st Mar.).	8 (1st to 10th Apr.).	1st and 2nd April and 15th Jan. to 31st Mar.	
4 (10th June to 31st Dec.).	4 (28th July to 7th Sept.).	5 (19th July to 14th Nov.).	5 (6th June to 9th Oct.)	5 (10th July to 19th Nov.).	
5 (throughout the year.)	5 (1st to 20th Apr.).	5½ (7th Feb. to 31st Mar.).	6½ (26th Sept. to 30th Oct.).	3¼ (in April).	
..	4½ ..	4½ (1st Apr. to 6th Feb.).	3½ (from 20th Mar.).	3 (from 1st May).	
36,41,13,000 (30th July).	19,97,33,000 (1st Apr.).	17,20,73,000 (24th Aug.).	20,65,73,000 (28th June).	23,70,44,000 (29th Aug.)	
3,85,92,000 (17th Dec.).	3,05,09,000 (7th Oct.).	3,71,10,000 (6th Apr.).	5,88,61,000 (7th June.)	6,94,35,000 (26th Dec.)	
102—6	101—11.	100—8.	99—4	95—9	
99—14	100—4.	99—2.	94—12	94—8	
110—4	108—13.	106—11.	103—12	101—9	
104—9	105—13.	103—4.	100	99—4	
79—1 (15th Dec.).	79—5 (29th Apr.).	75—10 (21st and 22nd June).	72—5 (10th May).	68—14 (1st and 2nd April).	
74—6 (1st Apr.).	74—6 (9th Dec.).	71—14 (27th Feb. and 1st Mar).	68—15 (19th Feb.)	61—5 (2nd Mar.)	
67—14 (15th to 21st Dec.).	67—14 (29 Apr.).	64—12 (2nd to 5th Apr., 10th Apr. 14th to 25th June).	61—15 (10th May.)	59—1 (1st and 2nd April).	
63—8 (1st and 6th Apr.).	63—14 8th Dec.).	60—13 (19th, to 21st Mar.).	54—13 (19th Feb.).	52—9 (2nd Mar.)	

COMMERCIAL AND

	1922-23.	1923-24.	1924-25.	1925-26.
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts Rs.	10,50,48,000 (Nov.).	10,80,92,000 (Oct.).	10,20,98,000 (Apr.)	9,48,86,000 (Apr.)
Minimum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts Rs.	9,63,19,000 (May).	10,06,94,000 (Mar.).	9, 69, 36,000 (Mar.).	8,41,90,000 (Mar.).
Maximum price in London of 3½ per cent. Rupee Securities in Gold £	39	45	49½	54½
Minimum price in London of 3½ per cent. Rupee Securities in Gold £	34	39	45	49½
Maximum price in London of India 3½ per cent. Stock.	69⅛	72½	69⅛	69½
Minimum price in London of India 3½ per cent. Stock.	62½	61½	63	63½
Maximum price in London of India 3 per cent. Stock.	59½	62⅝	59½	59½
Minimum price in London of India 3 per cent. Stock.	53½	52½	54	54⅛
Maximum price in London of India 2½ per cent. Stock.	50½	52½	49½	49⅜
Minimum price in London of India 2½ per cent. Stock.	44½	44½	45	46⅛
Maximum price in London of 5½ per cent. Stock, 1932.	102½	105	103½	103
Minimum price in London of 5½ per cent. Stock, 1932.	93⅞	99	100	99⅞
Maximum price in London of 6 per cent. Stoc, 1932-33.	..	..	..	..
Minimum price in London of 6 per cent. Stock, 1932-33	..	..	..	..
Maximum price in London of 4½ per cent. Stock, 1950-55.	88½	93	89⅜	91½
Minimum price in London of 4½ per cent. Stock, 1950-55.	83⅜	82½	85½	85⅞
Maximum price in London of 4½ per cent. Stock, 1958-68.	..	..	..	..
Minimum price in London of 4½ per cent. Stock, 1958-68.	..	..	..	..
Maximum Government Paper Currency outstanding. Rs.	1,82,26,25,000 (Aug.).	1,86,97,61,000 (Jan.).	1,84,19,40,000 (Mar.).	1,93,84,10,000 (Mar.).
Minimum Government Paper Currency outstanding. Rs.	1,71,05,62,000 (May.).	1,70,94,60,000 (May.).	1,71,26,07,000 (June).	1,73,23,07,000 20 (May).
Number of Post Office Savings Banks.	10,730	10,535	10,727	11,16
Number of accounts in Post Office Savings Banks.	2,043,502	2,089,314	2,164,473	2,317,39
Amount deposited in Savings Banks Rs.	23,19,98,761	24,78,83,170	25,63,94,907	27,23,14,764
Average of each deposit . Rs.	113·52	118·64	118·45	117·50
Net addition to deposits . Rs.	93,73,936	1,58,84,409	85.11.737	

FINANCIAL STATISTICS—*concld.*

1926-27.	1927-28.	1928-29.	1929-30	1930-31 Revised.	1931-32. Budget.
8,59,21,000 (Oct.).	8,73,81,000 (Dec.).	9,08,98,000 (July).	8,71,22,000 (Apr).	8,54,29,000 (May).	
8,19,29,000 (Sept.).	8,09,28,000 (Nov.).	8,23,92,000 (June).	8,41,97,000 (March.)	8,38,53,000 (Jan.)	
57½	58	56	53	49½	
54½	55½	52½	47	44½	
74½	73½	72½	70	66½	
67½	68	66⅝	55⅝	59½	
63½	63⅝	62½	60	57½	
57½	59	56½	47	56	
52½	52	52½	50½	48½	
48 7/16	49	48½	40½	43	
104	103½	103¾	102	103½	
101	100⅝	100½	96	99½	
..	..	..	..	104 13/16	
..	..	..	..	101⅝	
93⅝	94½	95 1/16	91⅝	89	
88½	89⅝	89¼	78	81	
..	..	95	91½	89¾	
..	..	87	77	81½	
2,01,09,29,000 (Sept.).	1,86,28,22,000 (Jan.)	1,92,47,31,000 (Feb.).	1,87,70,73,000 (June).	1,74,14,84,000 (April).	
1,80,03,24,000 (Feb.).	1,69,68,18,000 (June).	1,77,15,84,000 (June).	1,77,23,06,000 (Mar.).	1,55,50,38,000 (Feb.).	
11,994	12,326	12,422	12,768		
2,518,142	2,606,071	2,020,832	2,304,904		
29,50,89,541	32,66,68,188	34,49,07,680	37,18,18,370		
117·19	125·34	170·67	161·10		
2,27,74,777	3,15,78,647	1,82,39,492	2,64,05,690		

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